



Gulf County, Florida

Annual Financial Statements September 30, 2010

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BOARD OF COUNTY COMMISSIONERS

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SUPERVICOR OF ELECTIONS

Linda Griffin

COUNTY ADMINISTRATOR

Don Butler

COUNTY ATTORNEY

Timothy J McFarland

**GULF COUNTY, FLORIDA
SEPTEMBER 30, 2010**

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GULF COUNTY, FLORIDA
SEPTEMBER 30, 2010

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INDEPENDENT AUDITORS' REPORT

Honorable Members of the
Board of County Commissioners
Gulf County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Gulf County, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2011, on our consideration of Gulf County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 14, the schedules of funding progress and employer contributions for the Retiree's Health Insurance Other Postemployment Benefits Plan on page 58 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gulf County, Florida's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, and the combining nonmajor fund financial statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Roberson & Associates, P.A.
March 31, 2011



Vance CPA LLC
March 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The Management of the Board of County Commissioners of Gulf County (County) has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the County's financial activities, (c) identify changes in the County's financial position, (d) identify material deviations from the financial plan (approved budget), and (e) highlight significant issues in individual funds. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the County's financial statements.

The information presented in this financial statement is perhaps best understood when it is considered in the broader perspective of the environment in which the County operates.

General Information

Gulf County was incorporated in 1925 and is located in northwest Florida on the Gulf of Mexico. With an area of 557 square miles and a population of just over 16,000, Gulf County is a sparse, low density county. Gulf County is a noncharter county governed by the Board of County Commissioners.

The Board of County Commissioners (Board) is the legislative and policy making body of the County. Each of the five commissioners is elected from a separate district. Annually, the Board elects a chairman that serves as the presiding officer. Elections are held every two years for staggered four year terms. The Board appoints the County Administrator to implement the policies of the Board, provide organizational leadership and direct business and administrative procedures.

Gulf County provides a broad range of services, including law enforcement; fire protection; rescue; emergency medical services; maintenance of streets, highways, bridges and traffic signals; parks; libraries; limited water and sewer systems; and certain other community and human services.

Financial Highlights

- The County's total government-wide net assets increased 7% or \$2,991,728 from September 30, 2009, to September 30, 2010. The County's total business-type activity's net assets decreased by \$111,442 from the balance at the end of the prior year and only comprise 1% of the County's total net assets.
- During the year ended September 30, 2010, the County's general fund expenditures exceeded revenues by \$1,054,646, however, note the favorable variance when compared to budget as shown on page 20 of the attached financial statements. This may be compared to last year's results in which the County's general fund expenditures exceeded revenues by \$1,241,877, which was also favorable when compared to budget.
- For the year ended September 30, 2010, the County's capital assets net of accumulated depreciation increased by \$93,054, or less than .2%.

- The County's property tax base peaked in 2006-2007 at \$2,876,550,737 with slight reductions in 2007-2008 and 2008-2009. There was a significant decrease in the 2009-2010 property tax base to \$1,969,890,437. This is depicted later in a graph under the subheading Taxable Value of Property and Millage Rates. Accordingly, the County was forced to assess a slightly higher millage rate for 2009-2010 which was a 11.95 decrease in the rolled back rate.
- Gulf County, as well as the rest of Florida and the United States, is continuing to experience a slowdown in housing starts and real estate sales. The declining local economy is marked with new foreclosures and high unemployment rates. With certainty property values will again decline due to existing real estate sales; the decrease is estimated in the double digits. The reduced property tax base and current state of the economy will possibly negatively impact services to be provided by the County.
- The County consolidated several departments at the beginning of the 2010-2011 fiscal year in an effort to conserve funds and operate more efficiently. The departments that are now included in the consolidation are: work crews, maintenance, mosquito control, landfill, public works, and road department.
- Tourism is still an important economic factor in the County. It continues to be affected adversely by the downturn in the national economy.
- Tourism has further been impacted by the Deepwater Horizon Oil Spill. The County is expecting a second round of funding from BP to promote tourism in Gulf County. The County received \$251,119 from BP for this purpose in 2009-2010.
- Sacred Heart Hospital on the Gulf, the new hospital located in Gulf County, part of the Sacred Heart Health System, is now operational, opening in March 2010. The County adopted by ordinance in 2005 a discretionary ½ cent small county surtax to help fund the construction of the hospital. An inter-local agreement was entered into with the City of Wewahitchka and the City of Port St. Joe whereby the County will receive all funds generated from the small county surtax and such funds will be used as set forth in the agreement. The additional tax was effective January 1, 2006.
- The County is beginning to assess and evaluate its current economic situation for use in the 2011-2012 budget process.
- To offset declining property values the County has the option of raising the millage rate up to the statutory maximum, 10 mills. This offset could be a combination of some increase to millage rates, further reductions in present funding levels to outside agencies, and elimination of non-essential services.
- The County is in the process of assessing what financial impact the BP Deepwater Horizon Oil Spill is having on its tourism, property values, and revenues.

Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to the County's basic financial statements. The basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

In addition, this report presents certain required supplementary information.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the County's overall financial condition in a manner similar to those of a private-sector business. These statements combine and consolidate governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations. They include a *statement of net assets* and a *statement of activities* that are designed to provide consolidated financial information about the governmental activities of the County presented on the accrual basis of accounting.

- The *statement of net assets* provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the County.
- The *statement of activities* presents information showing how the County's net assets changed during the 2010 fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes earned, and earned but unused vacation leave). This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net assets is an indication of whether the County's financial health is improving or deteriorating.

Both of these financial statements present the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public health and safety, physical environment, transportation, economic environment, human services, culture and recreation, and court related activities. The business-type activities of the County include three separate water and sewer systems.

Over a period of time, changes in the County's net assets are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other nonfinancial factors, such as changes in the County's property tax base and the condition of the County's capital assets including infrastructure assets.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the County's financial activities, focusing on its most significant or major funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the County's funds may be classified in the broad category of *governmental funds*, *proprietary funds*, and *fiduciary (agency) funds* as discussed below.

- Governmental funds – these funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the County's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.
- Proprietary funds – the County maintains one type of proprietary funds which is the enterprise funds. These funds are used to report business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to water and sewer systems in Gulf County. The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- Fiduciary (agency) funds – fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the County's programs. In its fiduciary capacity, the County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

Infrastructure Assets

Generally a government's largest group of assets (infrastructure – roads, bridges, traffic signals, and underground pipes not associated with a utility, etc.) are not reported nor depreciated in governmental fund financial statements. GASB Statement No. 34 requires these assets be valued and reported in the governmental column of the government-wide statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government elects the asset management (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its costs of maintenance in lieu of depreciation. The County has elected to depreciate its infrastructure assets.

Government-wide Financial Analysis

Statement of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. County's assets exceeded liabilities (governmental and business-type activities) by approximately \$46 million at the close of the fiscal year ended September 30, 2010, and \$43 million at September 30, 2009.

Net Assets						
September 30,	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$20,484,035	\$21,125,666	\$ 25,847	\$ 116,253	\$20,509,882	\$21,241,919
Capital assets, net	48,180,446	48,066,356	383,487	404,523	48,563,933	48,470,879
Deferred charges & Other restricted assets	<u>1,966,864</u>	<u>2,693,802</u>	<u>—</u>	<u>—</u>	<u>1,966,864</u>	<u>2,693,802</u>
Total assets	<u>70,631,345</u>	<u>71,885,824</u>	<u>409,334</u>	<u>520,776</u>	<u>71,040,679</u>	<u>72,406,600</u>
Current liabilities	1,993,690	4,463,807	—	—	1,993,690	4,463,807
Long-term liabilities	<u>22,753,787</u>	<u>24,641,319</u>	<u>—</u>	<u>—</u>	<u>22,753,787</u>	<u>24,641,319</u>
Total liabilities	<u>24,747,477</u>	<u>29,105,126</u>	<u>—</u>	<u>—</u>	<u>24,747,477</u>	<u>29,105,126</u>
Net assets in invested in capital assets, net of related debt	29,198,760	27,396,468	383,487	404,523	29,582,247	27,800,991
Net assets - Restricted	4,112,667	3,934,332	—	—	4,112,667	3,934,332
Net assets - Unrestricted	<u>12,572,441</u>	<u>11,449,898</u>	<u>25,847</u>	<u>116,253</u>	<u>12,598,288</u>	<u>11,566,151</u>
Total net assets	<u>\$45,883,868</u>	<u>\$42,780,698</u>	<u>\$ 409,334</u>	<u>\$ 520,776</u>	<u>\$46,293,202</u>	<u>\$43,301,474</u>

Statement of Activities

The following schedule summarizes revenues and expenses for years ended September 30, 2010 and 2009:

Changes in Net Assets						
Year Ended September 30,	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Revenues -						
Charges for services	\$ 2,339,766	\$ 1,879,330	\$ —	\$ —	\$ 2,339,766	\$ 1,879,330
Operating grants and contributions	2,703,498	465,071	—	—	2,703,498	465,071
Capital grants and contributions	2,481,926	10,490,105	—	—	2,481,926	10,490,105
General Revenues -						
Property taxes	13,559,691	15,163,241	—	—	13,559,691	15,163,241
Sales taxes	2,930,931	4,032,758	—	—	2,930,931	4,032,758
State shared revenue	1,552,904	462,401	—	—	1,552,904	462,401
Investment earnings	294,036	425,300	—	—	294,454	426,757
Other	848,633	322,007	418	1,457	848,633	322,007
Transfers	<u>90,824</u>	<u>—</u>	<u>(90,824)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues	<u>26,802,209</u>	<u>33,240,213</u>	<u>(90,406)</u>	<u>1,457</u>	<u>26,711,803</u>	<u>33,241,670</u>
Expenses						
General government	5,447,070	4,624,697	—	—	5,447,070	4,624,697
Public safety	7,515,179	7,053,507	—	—	7,515,179	7,053,507
Physical environment	3,095,912	11,507,410	—	—	3,095,912	11,507,410
Transportation	2,181,876	6,546,850	—	—	2,181,876	6,546,850
Economic environment	1,347,738	1,191,591	—	—	1,347,738	1,191,591
Human services	1,773,426	1,853,710	—	—	1,773,426	1,853,710
Culture and recreation	394,689	476,598	—	—	394,689	476,598
Court related	658,159	560,720	—	—	658,159	560,720
Interest and other charges	1,284,990	1,035,525	—	—	1,284,990	1,035,525
Utilities	<u>—</u>	<u>—</u>	<u>21,036</u>	<u>21,036</u>	<u>21,036</u>	<u>21,036</u>
Total expenditures	<u>23,699,039</u>	<u>34,850,608</u>	<u>21,036</u>	<u>21,036</u>	<u>23,720,075</u>	<u>34,871,644</u>
Change in net assets	<u>\$ 3,103,170</u>	<u>\$ (1,610,395)</u>	<u>\$ (111,442)</u>	<u>\$ (19,579)</u>	<u>\$ 2,991,728</u>	<u>\$ (1,629,974)</u>

Financial Analysis of Individual Funds

This section provides an analysis of the balances and transactions of individual funds. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

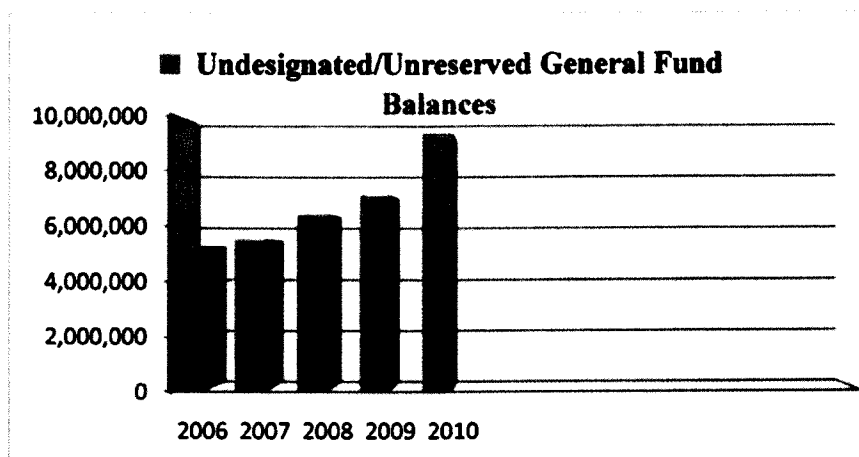
Governmental Funds

The primary purpose of the County's *governmental funds* is to provide information on near-term inflows, outflow, and balances of *spendable resources*. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as useful measure of a government's net resources, available for spending, at the end of the current and prior fiscal year.

<u>September 30,</u>	<u>2010</u>	<u>2009</u>
Total fund balance	\$19,843,100	\$18,583,423
Less reserved fund balance for:		
Debt service	1,407,035	1,050,481
Landfill escrow	1,352,755	1,236,695
Capital projects	1,124,005	1,281,939
Other purposes	228,872	365,217
Less designated fund balance	<u>49,495</u>	<u>47,626</u>
Unreserved fund balance	<u>\$15,680,938</u>	<u>\$14,601,465</u>

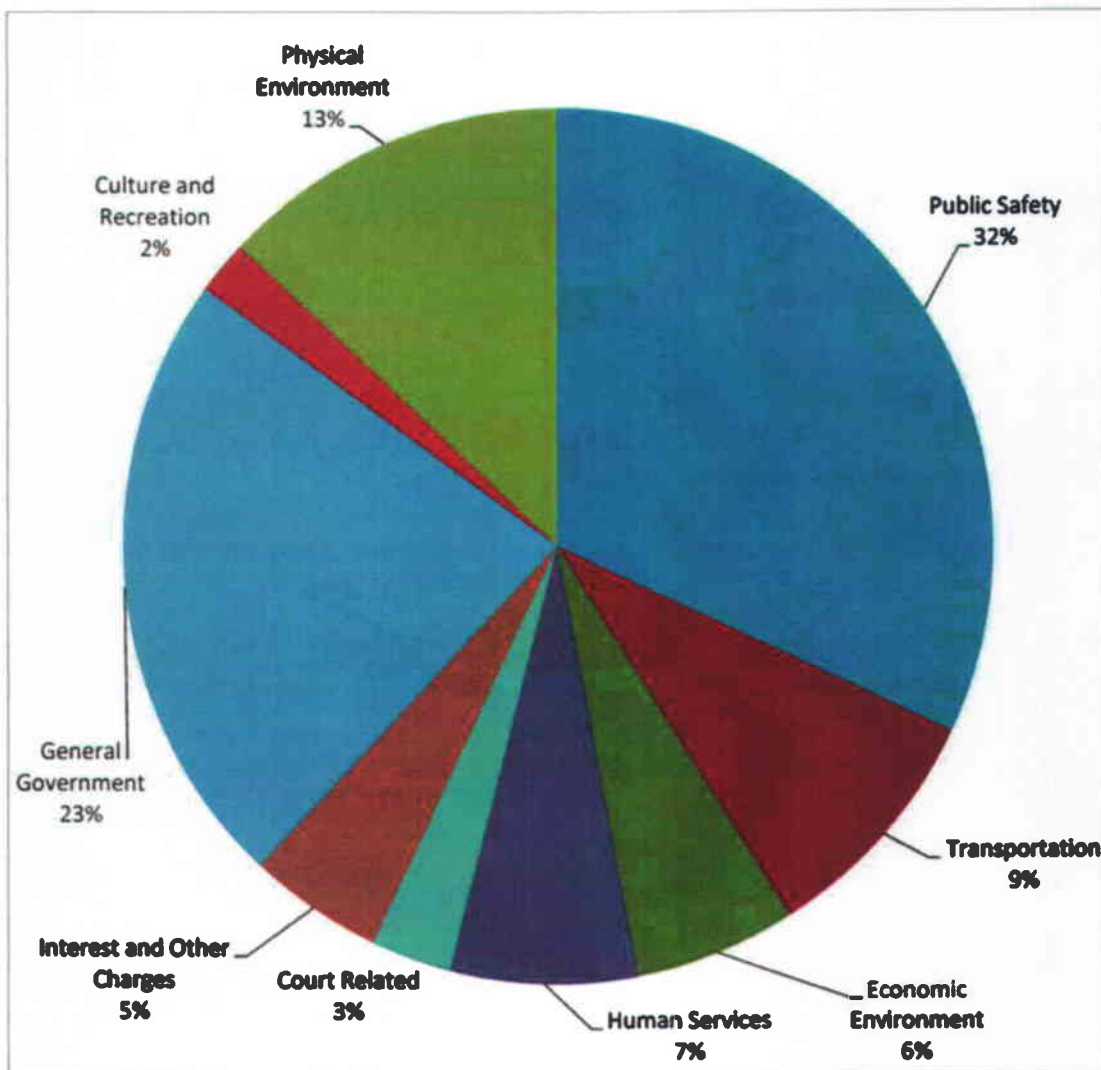
At September 30, 2010, the County's governmental funds reported a combined ending fund balance of \$19,843,100, representing a decrease of 6.7% over the September 30, 2009 balances. Of this amount, *unreserved fund balance* is \$15,680,938 which represents an increase of 7.4% over the September 30, 2009 balance.

- **General Fund Unrestricted/Undesignated Fund Balance.** As depicted in the following graph, the unrestricted/undesignated fund balance of the Board's general fund (the general operating fund of the County) has increased over the past years.



- **Governmental Activities Expenses by Functions**

The following graph depicts the County's total governmental activities expenses by function for the fiscal year ending September 30, 2010.



Major Funds

Governmental Funds

The general, fines and forfeitures, construction and acquisition, beach renourishment, and debt service public improvement funds are reported as major governmental funds.

- The general fund is the general operating fund of the County. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the general fund.

General operating funds of the Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector, and Supervisor of Elections represent funds included in the County's general fund that are held and accounted for individually, but presented with the balance of the Board of County Commissioners' operating funds.

- Fines and forfeitures is the fund that is used to account for the fines and ad valorem taxes earmarked for law enforcement and corrections.
- The State Housing Initiative Partnership (SHIP) is used to account for the county's activity to produce and preserve affordable homeownership.

Proprietary Funds

The County owns the two remaining water systems, Williamsburg/Methodist Hill and Oak Grove. The City of Wewahitchka operates the Williamsburg/Methodist Hill Water System. Although there is not an active inter-local agreement this water system continues to be operated by the City of Wewahitchka under the terms of the 1993 inter-local agreement which terminated in 1994. The City of Port St. Joe operates the Oak Grove Water System. Neither one of these water systems brings any revenue to the County. The only expense to the County for either of these two water systems is depreciation. There was a budgeted inter-fund transfer to the general fund from the Oak Grove Water System to pay for sidewalks in the Oak Grove area and a transfer from Highland View Water System to general fund to close out the fund.

Budget Variances in Major Funds

The following budget variances occurred in the major funds during the year ended September 30, 2010.

- General fund tax revenue has a negative budget variance of \$374,368 because ad valorem taxes were budgeted as if 100% of the assessed amount would be collected. Approximately 96% of budgeted ad valorem taxes were received which is considered within the normal range.

- Intergovernmental revenue (federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes) is \$1,285,790 less than budgeted in the general fund. Several grants were neither completed nor started in the 2009-2010 fiscal year as originally anticipated therefore actual revenues are less than budgeted.
- General fund charges for services include County officer fees, ambulance fees, and tipping fees. The positive variance of \$580,266 is partly because of the commission earned from tax certificates sold for 2009 taxes, additional tipping fees for charges at the landfill, and increased ambulance revenue.
- General fund miscellaneous revenue shows a positive variance of \$200,622. This positive variance is from a combination of rent, sales of fixed assets and surplus material scrap, BP Deepwater Horizon reimbursements and contributions not originally anticipated.
- All functionally categorized expenditures are less than budgeted. As explained above (Intergovernmental revenue) several grant projects were neither completed nor started in the 2009-2010 fiscal year as originally anticipated therefore actual expenditures reported are less than intended.
- Fines and forfeitures fund tax revenue has a negative budget variance of \$156,399 because ad valorem taxes were budgeted as if 100% of the assessed amount would be collected. Approximately 96% of budgeted ad valorem taxes were received which is considered within the normal range.
- State Housing Initiative Partnership intergovernmental revenue (state grant) is \$175,540 less than budgeted. The allocation from the state was not completely expended in the 2009-2010 fiscal year as originally anticipated therefore actual revenues are less than budgeted. This is also the reason expenditures are less than budgeted. Recaptured funds of \$23,750 and interest of \$4,840 were not anticipated causing a positive variance of \$28,590.

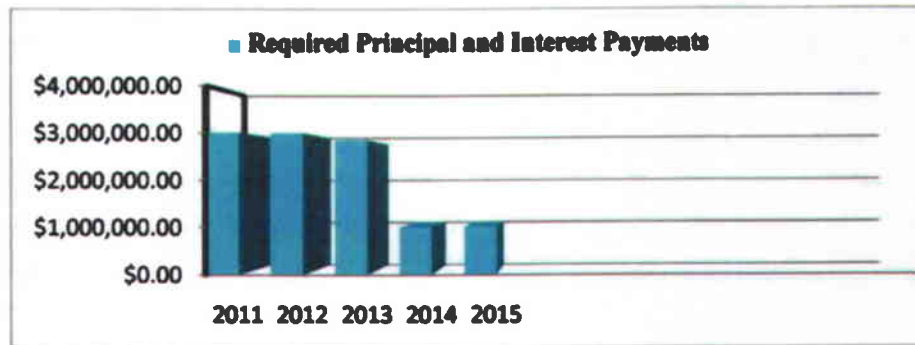
Other variances disclosed on the major fund budget and actual statements and not noted herein are within expected ranges.

It should be noted that budget expenditure variances shown on the individual major funds are favorable in total.

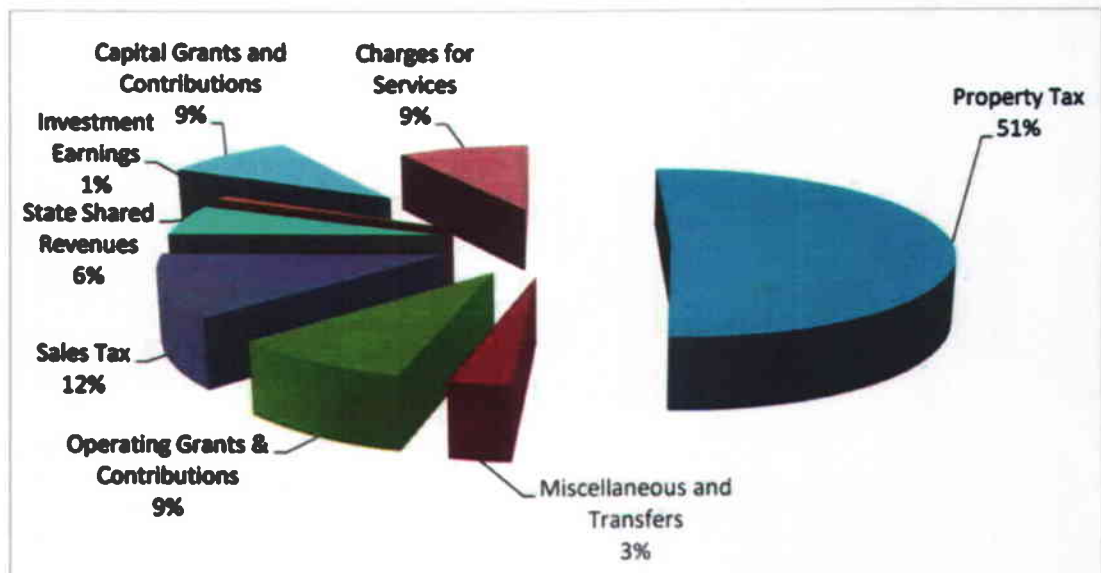
Capital Assets and Long-Term Debt

- The only additional debt incurred in 2009-2010 was \$125,000 to finance a new station at Highland View. The debt is scheduled to be repaid in July 2015.

- **Governmental Funds Outstanding Debt.** The following graph depicts future principal and interest payments required to be paid by the County from governmental fund resources on outstanding debt as of September 30, 2010. *Not shown on this graph are existing scheduled debt repayments for years 2016 through 2032.*



Governmental Activities Revenues by Source. The following graph depicts the County's total governmental activities revenue by source for the fiscal year.

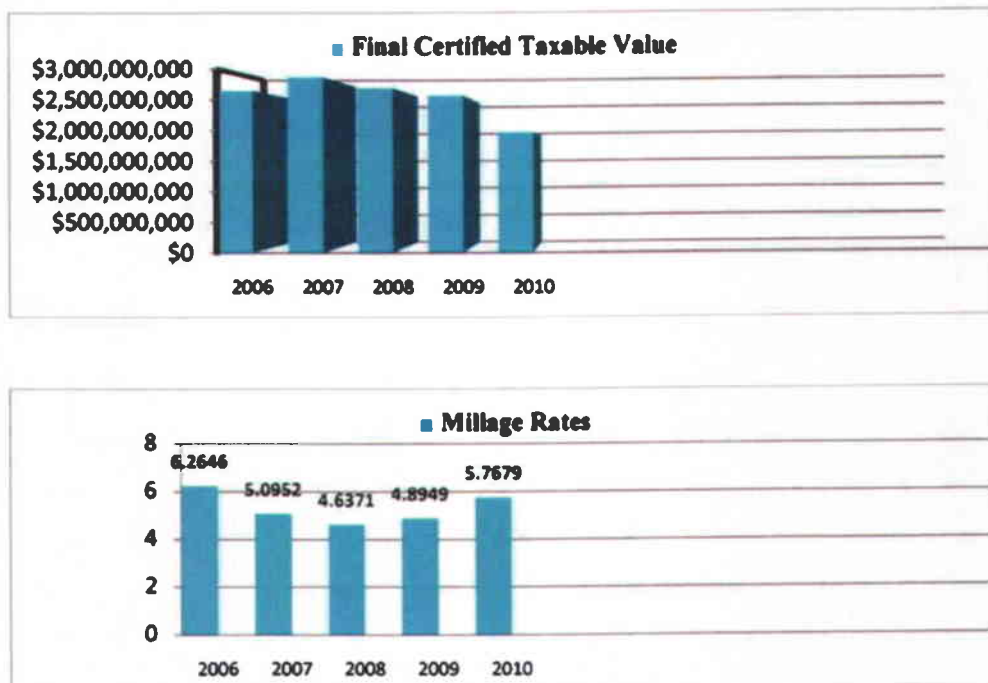


Significant Economic Factors

Taxable Value of Property and Millage Rates

During the year ended September 30, 2010 Gulf County received \$13,559,691 in property taxes based on the certified taxable value of property in Gulf County.

Certified Taxable Value by Fiscal Year



Requests for Information

This report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Rebecca L. Norris, Clerk of Circuit Court of Gulf County
1000 Cecil G. Costin, Sr. Blvd., Room 148
Port St. Joe, Florida 32456

BASIC FINANCIAL STATEMENTS

GULF COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 19,105,802	\$ 25,847	\$ 19,131,649
Receivables (net)			
Accounts	627,218	—	627,218
Notes receivable	55,866	—	55,866
Due from other governments	695,149	—	695,149
Total Current Assets	<u>20,484,035</u>	<u>25,847</u>	<u>20,509,882</u>
Noncurrent assets			
Restricted cash and cash equivalents	1,352,755	—	1,352,755
Deferred charges	129,953	—	129,953
Capital assets			
Nondepreciable	6,846,794	737	6,847,531
Depreciable (net)	41,333,652	382,750	41,716,402
Unamortized bond issue costs	484,156	—	484,156
Total Noncurrent Assets	<u>50,147,310</u>	<u>383,487</u>	<u>50,530,797</u>
Total Assets	<u>70,631,345</u>	<u>409,334</u>	<u>71,040,679</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	1,016,690	—	1,016,690
Due to other governments	24,279	—	24,279
Deferred revenue	952,721	—	952,721
Total Current Liabilities	<u>1,993,690</u>	<u>—</u>	<u>1,993,690</u>
Noncurrent liabilities			
Due in less than one year			
Compensated absences	292,641	—	292,641
Installment contracts and notes payable	165,160	—	165,160
Bonds payable	2,010,000	—	2,010,000
Due in more than one year			
Compensated absences	857,060	—	857,060
Installment contracts and notes payable	239,702	—	239,702
Bonds payable	16,765,000	—	16,765,000
Other postemployment benefits	88,448	—	88,448
Landfill closure liability	2,335,776	—	2,335,776
Total Noncurrent Liabilities	<u>22,753,787</u>	<u>—</u>	<u>22,753,787</u>
Total Liabilities	<u>24,747,477</u>	<u>—</u>	<u>24,747,477</u>
NET ASSETS			
Invested in capital assets, net of related debt	29,198,760	383,487	29,582,247
Restricted for			
Debt service	1,407,035	—	1,407,035
Capital projects	1,124,005	—	1,124,005
Landfill	1,352,755	—	1,352,755
Other purposes	228,872	—	228,872
Unrestricted	12,572,441	25,847	12,598,288
Total Net Assets	<u>\$ 45,883,868</u>	<u>\$ 409,334</u>	<u>\$ 46,293,202</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010**

		Net (Expense) Revenue and Changes in Net Assets					
		Program Revenues			Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 5,447,070	\$ 634,903	\$ 133,352	\$ 703,207	\$ (3,975,608)	\$ —	\$ (3,975,608)
Public safety	7,515,179	1,339,708	467,354	—	(5,708,117)	—	(5,708,117)
Physical environment	3,095,912	142,342	114,410	1,760,974	(1,078,186)	—	(1,078,186)
Transportation	2,181,876	—	357,400	—	(1,824,476)	—	(1,824,476)
Economic environment	1,347,738	—	455,986	—	(891,752)	—	(891,752)
Human services	1,773,426	—	37,683	17,745	(1,717,998)	—	(1,717,998)
Culture and recreation	394,689	16,285	129,205	—	(249,199)	—	(249,199)
Court related	658,159	166,826	767,719	—	276,386	—	276,386
Interest & other charges	<u>1,284,990</u>	—	—	—	<u>(1,284,990)</u>	—	<u>(1,284,990)</u>
Total Governmental Activities	<u>23,699,039</u>	<u>2,300,064</u>	<u>2,463,109</u>	<u>2,481,926</u>	<u>(16,453,940)</u>	<u>—</u>	<u>(16,453,940)</u>
Business-Type Activities							
Water	<u>21,036</u>	—	—	—	—	<u>(21,036)</u>	<u>(21,036)</u>
Total Primary Government	<u>\$23,720,075</u>	<u>\$2,300,064</u>	<u>\$ 2,463,109</u>	<u>\$ 2,481,926</u>	<u>(16,453,940)</u>	<u>(21,036)</u>	<u>(16,474,976)</u>
General Revenues:							
Taxes:							
Property tax					13,559,691	—	13,559,691
Sales tax					3,221,534	—	3,221,534
State shared revenues					1,505,844	—	1,505,844
Investment earnings					294,036	—	294,036
Miscellaneous					885,181	418	885,599
Transfers					<u>90,824</u>	<u>(90,824)</u>	<u>—</u>
Total General Revenues					<u>19,557,110</u>	<u>(90,406)</u>	<u>19,466,704</u>
Changes in Net Assets					3,103,170	(111,442)	2,991,728
Net Assets – Beginning of Year					<u>42,780,698</u>	<u>520,776</u>	<u>43,301,474</u>
Net Assets – End of Year					<u>\$ 45,883,868</u>	<u>\$ 409,334</u>	<u>\$ 46,293,202</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	<u>General Fund</u>	<u>Fines and Forfeitures</u>	<u>State Housing Initiative Partnership</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 9,591,998	\$ 556,387	\$ 346,534	\$ 8,610,883	\$ 19,105,802
Due from other funds	223,972	2,320	—	13,114	239,406
Due from other governments	560,795	—	—	134,354	695,149
Accounts receivable (net)	544,564	1,531	—	49,098	595,193
Notes receivable	—	—	55,866	—	55,866
Restricted assets					
Cash and cash equivalents	<u>1,352,755</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,352,755</u>
Total Assets	<u>12,274,084</u>	<u>560,238</u>	<u>402,400</u>	<u>8,807,449</u>	<u>22,044,171</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Vouchers payable	730,163	29,899	—	256,623	1,016,685
Due to other governments	24,021	—	—	258	24,279
Due to other funds	207,381	—	—	5	207,386
Deferred revenues	<u>391,696</u>	<u>23,780</u>	<u>358,659</u>	<u>178,586</u>	<u>952,721</u>
Total Liabilities	<u>1,353,261</u>	<u>53,679</u>	<u>358,659</u>	<u>435,472</u>	<u>2,201,071</u>
Fund Balance					
Reserved for					
Debt service	—	—	—	1,407,035	1,407,035
Landfill escrow	1,352,755	—	—	—	1,352,755
Capital projects	—	—	—	1,124,005	1,124,005
Other purposes	102,277	—	—	—	228,872
Unreserved					
Designated	47,151	126,595	—	2,344	49,495
Undesignated	—	—	—	—	—
General Fund	9,418,640	—	—	—	9,418,640
Special revenue funds	<u>—</u>	<u>379,964</u>	<u>43,741</u>	<u>5,838,593</u>	<u>6,262,298</u>
Total fund balance	<u>10,920,823</u>	<u>506,559</u>	<u>43,741</u>	<u>8,371,977</u>	<u>19,843,100</u>
Total Liabilities & Fund Balance	<u>\$ 12,274,084</u>	<u>\$ 560,238</u>	<u>\$ 402,400</u>	<u>\$ 8,807,449</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	48,180,446
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(22,753,787)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	614,109
Net assets of governmental activities	<u>\$ 45,883,868</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	<u>General Fund</u>	<u>Fines and Forfeitures</u>	<u>State Housing Initiative Partnership</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 7,659,162	\$ 3,656,123	\$ —	\$ 4,346,557	\$ 15,661,842
Licenses and permits	142,435	—	—	—	142,435
Intergovernmental	5,263,023	3,023	174,460	1,407,688	6,848,194
Fines and forfeitures	15,765	—	—	—	15,765
Charges for services	1,753,386	100,778	—	47,311	1,901,475
Investment earnings and other	<u>673,866</u>	<u>1,124</u>	<u>28,590</u>	<u>681,512</u>	<u>1,385,092</u>
Total Revenues	<u>15,507,637</u>	<u>3,761,048</u>	<u>203,050</u>	<u>6,483,068</u>	<u>25,954,803</u>
EXPENDITURES					
Current					
General government	5,064,102	1,329,983	—	30,917	5,095,019
Public safety	4,866,753	—	—	404,177	6,600,913
Physical environment	2,391,388	—	—	118,638	2,510,026
Transportation	1,026,830	—	—	58,442	1,085,272
Economic environment	376,686	—	174,459	773,610	1,324,755
Human services	841,459	—	—	798,658	1,640,117
Culture and recreation	247,113	—	—	15,666	262,779
Court related	606,857	5,679	—	30,138	642,674
Debt service	165,886	—	—	3,286,416	3,452,302
Capital outlay	<u>975,209</u>	<u>15,438</u>	<u>—</u>	<u>1,306,446</u>	<u>2,297,093</u>
Total Expenditures	<u>16,562,283</u>	<u>1,351,100</u>	<u>174,459</u>	<u>6,823,108</u>	<u>24,910,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,054,646)</u>	<u>2,409,948</u>	<u>28,591</u>	<u>(340,040)</u>	<u>1,043,853</u>
Other financing sources (uses)					
Transfers in	3,283,982	(2,710,572)	—	35,061	3,319,043
Transfers out	(39,416)	—	—	(478,231)	(3,228,219)
Debt issuance	<u>—</u>	<u>—</u>	<u>—</u>	<u>125,000</u>	<u>125,000</u>
Total other financing sources (uses)	<u>3,244,566</u>	<u>(2,710,572)</u>	<u>—</u>	<u>(318,170)</u>	<u>215,824</u>
Net change in Fund Balance	2,189,920	(300,624)	28,591	(658,210)	1,259,677
Fund balance - beginning	<u>8,730,903</u>	<u>807,183</u>	<u>15,150</u>	<u>9,030,187</u>	<u>18,583,423</u>
Fund balance - ending	<u>\$ 10,920,823</u>	<u>\$ 506,559</u>	<u>\$ 43,741</u>	<u>\$ 8,371,977</u>	<u>\$ 19,843,100</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010**

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances – total governmental funds (page 18)	\$ 1,259,677
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities net of accumulated depreciation.	(642,495)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net assets.	2,167,312
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(125,000)
The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities.	(244,776)
Amortization of bond issuance costs is recognized over the life of the bond on the statement of net assets, but expenses in the governmental funds.	(68,130)
The fair market value of donated assets is considered revenue in the statement of activities but do not provide current financial resources, therefore is not reported as revenue in the funds.	720,952
The net effect of various transactions involving the disposition, donations and trades of capital assets is to decrease net assets.	<u>35,630</u>
Change in net assets of governmental activities (page 16)	<u>\$ 3,103,170</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2010

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,033,530	\$ 8,033,530	\$ 7,659,162	\$ (374,368)
Licenses and permits	142,350	142,350	142,435	85
Intergovernmental	6,139,076	6,548,813	5,263,023	(1,285,790)
Fines and forfeitures	6,500	14,077	15,765	1,688
Charges for services	898,522	1,173,120	1,753,386	580,266
Miscellaneous revenues	279,918	473,244	673,866	200,622
Total revenues	15,499,896	16,385,134	15,507,637	(877,497)
Expenditures:				
Current				
General government	5,863,766	5,764,129	5,064,102	700,027
Public safety	4,830,140	5,172,587	4,866,753	305,834
Physical environment	3,257,135	3,328,393	2,391,388	937,005
Transportation	2,012,743	2,017,543	1,026,830	990,713
Economic environment	387,392	382,039	376,686	5,353
Human services	951,016	865,797	841,459	24,338
Culture and recreation	300,408	289,553	247,113	42,440
Court related	561,844	703,631	606,857	96,774
Debt service	159,372	197,226	165,886	31,340
Capital outlay	837,199	1,105,923	975,209	130,714
Total expenditures	19,161,015	19,826,821	16,562,283	3,264,538
Excess (deficiency) of revenues over (under) expenditures	(3,661,119)	(3,441,687)	(1,054,646)	2,387,041
Other financing sources (uses)				
Transfers in	4,787,389	4,941,581	3,283,982	(1,657,599)
Transfers out	(4,704,497)	(6,176)	(39,416)	(33,240)
Debt issuance	—	—	—	—
Total other financing Sources (uses)	82,892	4,935,405	3,244,566	(1,690,839)
Net change in fund balance	(3,578,227)	1,493,718	2,189,920	696,202
Fund balance - beginning	8,730,903	8,730,903	8,730,903	—
Fund balance - ending	\$ 5,151,676	\$ 10,224,621	\$ 10,920,823	\$ 696,202

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – FINES AND FORFEITURES
YEAR ENDED SEPTEMBER 30, 2010

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,812,522	\$ 3,812,522	\$ 3,656,123	\$ (156,399)
Intergovernmental	2,000	2,000	3,023	1,023
Charges for services	55,802	87,002	100,778	13,776
Miscellaneous revenues	—	—	1,124	1,124
Total revenues	<u>3,870,324</u>	<u>3,901,524</u>	<u>3,761,048</u>	<u>(140,476)</u>
Expenditures:				
Current				
Public safety	1,582,930	1,554,930	1,329,984	224,946
Human services	6,950	6,950	—	6,950
Court related	10,000	10,000	5,679	4,321
Capital outlay	<u>35,000</u>	<u>59,000</u>	<u>15,438</u>	<u>43,562</u>
Total expenditures	<u>1,634,880</u>	<u>1,630,880</u>	<u>1,351,101</u>	<u>279,779</u>
Excess of revenues over expenditures	<u>2,235,444</u>	<u>2,270,644</u>	<u>2,409,947</u>	<u>139,303</u>
Other financing sources (uses)				
Transfers out	<u>(2,176,287)</u>	<u>(2,698,340)</u>	<u>(2,710,571)</u>	<u>(12,231)</u>
Total other financing Sources (uses)	<u>(2,176,287)</u>	<u>(2,698,340)</u>	<u>(2,710,571)</u>	<u>(12,231)</u>
Net change in fund balance	59,157	(427,696)	(300,624)	127,072
Fund balance - beginning	<u>807,183</u>	<u>807,183</u>	<u>807,183</u>	<u>—</u>
Fund balance - ending	<u>\$ 866,340</u>	<u>\$ 379,487</u>	<u>\$ 506,559</u>	<u>\$ 127,072</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – STATE HOUSING INITIATIVE PARTNERSHIP
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budget Amounts		Actual	Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 174,460	\$ (175,540)
Investment earnings and other	<u>—</u>	<u>—</u>	<u>28,590</u>	<u>28,590</u>
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>203,050</u>	<u>(146,950)</u>
Expenditures:				
Current				
Economic Environment	<u>350,000</u>	<u>365,151</u>	<u>174,459</u>	<u>190,692</u>
Total expenditures	<u>350,000</u>	<u>365,151</u>	<u>174,459</u>	<u>190,692</u>
Excess (deficit) of revenues				
over (under) expenditures	<u>—</u>	<u>(15,151)</u>	<u>28,591</u>	<u>43,742</u>
Fund balances - beginning	<u>15,150</u>	<u>15,150</u>	<u>15,150</u>	<u>—</u>
Fund balances - ending	<u>\$ 15,150</u>	<u>\$ (1)</u>	<u>\$ 43,741</u>	<u>\$ 43,742</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010**

	Business-type Activities/Enterprise Funds			
	Oak Grove	Highland View Water System	Williamsburg and Methodist Hill	Total Business-type Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 25,847	\$ —	\$ —	\$ 25,847
Total current assets	<u>25,847</u>	<u>—</u>	<u>—</u>	<u>25,847</u>
Noncurrent assets				
Capital assets				
Land	737	—	—	737
Buildings and utility system	269,453	—	571,925	841,378
Less allowance for depreciation	<u>(215,554)</u>	<u>—</u>	<u>(243,074)</u>	<u>(458,628)</u>
Total noncurrent assets	<u>54,636</u>	<u>—</u>	<u>328,851</u>	<u>383,487</u>
Total assets	<u>80,483</u>	<u>—</u>	<u>328,851</u>	<u>409,334</u>
Liabilities				
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net assets				
Invested in capital assets, net of related debt	54,636	—	328,851	383,487
Unrestricted	<u>25,847</u>	<u>—</u>	<u>—</u>	<u>25,847</u>
Total net assets	<u>\$ 80,483</u>	<u>\$ —</u>	<u>\$ 328,851</u>	<u>\$ 409,334</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	<u>Business-type Activities/Enterprise Funds</u>			
	<u>Oak Grove</u>	<u>Highland View Water System</u>	<u>Williamsburg and Methodist Hill</u>	<u>Total Business-type Funds</u>
Operating revenues				
Charges for services	\$ —	\$ —	\$ —	\$ —
Operating expenses				
Depreciation	6,736	—	14,300	21,036
Total operating expenses	6,736	—	14,300	21,036
Operating income (loss)	(6,736)	—	(14,300)	(21,036)
Nonoperating revenues (expenses)				
Transfer out	(29,591)	(61,233)	—	(90,824)
Interest income	418	—	—	418
Total nonoperating revenues (expenses)	(29,173)	(61,233)	—	(90,406)
Change in net assets	(35,909)	(61,233)	(14,300)	(111,442)
Net assets - beginning	116,392	61,233	343,151	520,776
Net assets - ending	<u>\$ 80,483</u>	<u>\$ —</u>	<u>\$ 328,851</u>	<u>\$ 409,334</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	<u>Business-type Activities/Enterprise Funds</u>			
	<u>Oak Grove</u>	<u>Highland View Water System</u>	<u>Williamsburg and Methodist Hill</u>	<u>Total Business-type Funds</u>
Noncapital Financing Activities				
Transfers out	\$ (29,591)	\$ (61,233)	\$ —	\$ (90,824)
Investing activities				
Interest earned	418	—	—	418
Net increase in cash and cash equivalents	(29,173)	(61,233)	—	(90,406)
Cash and cash equivalents – beginning	55,020	61,233	—	116,253
Cash and cash equivalents – ending	<u>\$ 25,847</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 25,847</u>

(continued)

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2010

	<u>Business-type Activities/Enterprise Funds</u>			
	<u>Oak Grove</u>	<u>Highland View Water System</u>	<u>Williamsburg and Methodist Hill</u>	<u>Total Business-type Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (6,736)	\$ —	\$ (14,300)	\$ (21,036)
Adjustments to reconcile Operating income (loss) To net cash provided By (used in) operating				
Depreciation	6,736	—	14,300	21,036
Total adjustments	6,736	—	14,300	21,036
Net cash provided by (used in) operating activities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 637,649
Accounts receivable (net)	3,551
Due from other funds	<u>329</u>
Total Assets	<u>641,529</u>
Liabilities	
Accounts payable	1,784
Due to individuals	503,082
Due to other funds	32,349
Due to other governments	<u>104,314</u>
Total Liabilities	<u>\$ 641,529</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Gulf County, Florida (County) located in Northwest Florida, is a political subdivision of the State of Florida and provides services to approximately 16,000 residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. The County is governed by a five-member elected Board of County Commissioners (Board), which derives its authority from Florida Statutes and regulations. In addition to the members of the Board, there are five elected constitutional officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

The elected offices of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. These constitutional officers operate on a budget system whereby County-appropriated funds are received from the Board and unexpended funds are returned to the Board. The Clerk of the Circuit Court operates as a fee officer by retaining various fees collected by this office and billing the Board for certain services provided. Separate accounting records and budgets are maintained by each individual office.

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the financial reporting entity consists of the primary government (composed of the Board of County Commissioners and Constitutional Officers) and the County's component units, for which the primary government is considered to be financially accountable. Also included are other entities whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined in GASB Statement No. 14 to determine whether the entity is: a) part of the primary government; b) a component unit which should be included in the reporting entity (blended or discretely presented); or c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit's fiscal dependency on the primary government. The dependent special districts, Howard Creek Fire Control, Overstreet Fire Control, St. Joe Fire Control, Tupelo Fire Control, and Highland View Water and Sewer District are considered component units, and are blended in the financial statements of the County as part of the enterprise funds and the special revenue funds. There are no other entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded from the County's financial statements.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County was established by the constitution of the State of Florida, Article VIII, Section 1 (e). Dependent special districts were created as follows: Highland View Water and Sewer District, Laws of Florida Chapter 61-2212; Howard Creek Fire District, Laws of Florida Chapter 79-467; Overstreet Fire District, Laws of Florida Chapter 78-513; St. Joe Fire District, Laws of Florida Chapter 47-24541; and Tupelo Fire District, Laws of Florida Chapter 70-696.

All fire Districts were conformed and re-established by County Ordinance #1996-12.

The accounting policies of the County conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the significant accounting policies.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County reports five major governmental funds:

- General fund – The general fund is the County’s primary operating fund. It is used to account for all resources traditionally associated with governmental activities except those required to be accounted for in other funds.
- Fines and forfeitures – This fund is used to account for the fines and ad valorem taxes earmarked for law enforcement and corrections.
- Construction and acquisition – This fund is used to account for activity relating to the construction and acquisition of assets.
- Beach renourishment – This fund is used to account for the activity relating to the Cape San Blas beach renourishment and reconstruction project.
- Debt service public improvement – This fund is used to account for the accumulation of resources for, and the payment of, gas tax refunding and improvement revenue bonds.

The County reports each of the enterprise funds as major funds. Each fund is used to account for activity of the utility for area served.

The County reports one type of fiduciary fund, agency funds which are used to account for the collection and disbursement of funds by the County on behalf of other governments and individuals.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's enterprise activities are operated and maintained by local cities. The County receives the amounts billed to customers for the required debt service and bond payments. The terms of these interlocal agreements are described in note 18.

D. Enterprise Activities

For enterprise activities, the County applies all applicable GASB pronouncements. Additionally, the County applies pronouncements issued on or before November 30, 1989, by the Financial Accounting Standards Board (FASB) and its predecessor bodies, unless those pronouncements conflict with or contradict GASB pronouncements. Pursuant to GASB Statement No. 20, the county has elected not to apply FASB statements and interpretations issued after November 30, 1989.

E. Budgets and Budgetary Accounting

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the County's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Board.

The budgetary information presented for the general fund and any major governmental funds is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

F. Cash and Cash Equivalents

Cash and cash equivalents consist of those deposits made locally in commercial banks and investments purchased through the State Board of Administration and the Florida Local Government Investment Trust. All deposits in commercial banks are with qualified public depositories authorized by Chapter 280, Florida Statutes. The deposits are insured through FDIC and Florida's multiple financial institution collateral pool. The State Board of Administration and the Florida Local Government Investment Trust deposits are maintained in investment pools which invest primarily in highly liquid commercial paper, repurchase agreements, bankers' acceptance notes and United States Government obligations.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, in reporting on investments owned. Generally, this statement requires various investments be reported at fair value, including debt securities and open-ended mutual funds.

G. Accounts Receivable

The County's and its component units accounts receivable, other than ambulance service accounts receivable as described in note – 12, are deemed to be entirely collectible. Therefore, an allowance for uncollectible accounts receivable has not been recorded.

H. Due from (to) Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" when applicable.

I. Inventories

Inventory items of materials and supplies, which are not significant in amount, are considered expenditures when purchased in the governmental funds. The balance of physical inventory on hand at fiscal year end has not been recorded because the amount is not considered material.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Machinery and equipment with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost when purchased or constructed or estimated historical cost if actual cost is unknown. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its useful life is expenses as incurred.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Buildings	50 - years
Improvements	50 - years
Machinery and equipment	5-20 years
Infrastructure	15-25 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during the construction period is not capitalized.

K. Deferred Revenues

Deferred revenues reported in the government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

L. Compensated Absences

The County maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from County service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No. 16, *Accounting for Compensated Absences*.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2010 millage rate assessed by the County was 5.7679 mils.

The tax levy of the County is established by the Board prior to October 1, of each year and the Property Appraiser incorporates the County millage rates into the total tax levy, which includes the various municipalities, the county school board, and other taxing authorities.

All property is assessed according to its fair market value January 1, of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes become payable on November 1, of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes paid in March are without discount.

On or prior to June 1, following the tax year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

N. Reserves and Designations of Fund Equity

Reserves indicate that portion of fund balance or net assets that is not available for appropriation or which is legally segregated for a specific future use. The description of each reserve indicates the purpose for which each was intended. Designated portions of fund equity represent management's tentative future spending plans. Such designations should be clearly distinguished from reserves, since managerial plans are subject to change and may never be legally authorized or result in actual expenditures.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principle requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. Use of Restricted Assets

It is generally the practice of the County to utilize restricted net assets before unrestricted net assets when possible.

Q. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. Encumbrances outstanding at year end lapse and re appropriated in the subsequent year.

R. Long-Term Obligations

In the government-wide financial statements and the proprietary funds in the fund financial statement, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

S. Subsequent Events

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets:

The governmental funds balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$22,665,339 difference are as follows:

Bonds payable	\$18,775,000
Installment contracts and notes payable	404,862
Landfill closure liabilities	2,335,776
Compensated absences	<u>1,149,701</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets of governmental activities</i>	<u>\$22,665,339</u>

Another element of that reconciliation states, “capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of the \$48,180,446 difference are as follows:

Cost of capital assets	\$ 73,517,312
Less: accumulated depreciation	<u>(25,336,866)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets of governmental activities</i>	<u>\$ 48,180,446</u>

Explanation of certain differences between the governmental funds statements of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. “The details of this (\$642,495) difference are as follows:

Capital outlay	\$ 2,297,093
Depreciation expense	<u>(2,939,588)</u>
Net adjustment to decrease <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ (642,495)</u>

Another element of that reconciliation states, “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds” and “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this (\$57,478) difference are as follows:

Decrease in compensated absences	\$ <u>57,478</u>
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ 57,478</u>

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits Policies

The County's cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid debt instruments with original maturities of three months or less from the date of acquisition.

Investments Policies

Florida Statutes, Section 218.415, authorizes the County to invest surplus funds in the following:

The Local government Surplus Funds Trust Fund (State Board of Administration) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided s.163.01.

Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest – bearing time deposits or savings accounts in state-certified qualified public depositories as defined in s. 280.02.

Direct obligations of the United States Treasury.

Federal agencies and instrumentalities.

Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C.ss. 80a-1 et. seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements full collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

In addition, the County is authorized by law or by county ordinance to invest funds in the following securities:

Commercial Paper of U.S. Corporations having a rating of at least two of the following three ratings: A-1, P-1, and F-1, as rated by Standard & Poors, Moody's, and Fitch Investors Service rating services.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Bankers' Acceptances that are eligible for purchase by the Federal Reserve Banks and have a Letter of Credit rating of A or better.

Obligations, rated A+ or better, of the State of Florida and its various local governments, including Gulf County.

Overnight Repos (Repurchase Agreement) and Term Repos with maturities of less than 30 days.

Corporate Securities rated AA/Aa by Standard & Poors and Moody's.

Qualified Purchaser Funds (3(c)7)funds) securities of an open-end management type investment company or investment fund advised by a Registered Advisor under rule 3(c)(7) of the Federal Investment Company Act of 1940, provided that the funds investment guidelines state that the fund will seek to maintain a \$1 per share net asset value.

Auction Rate Securities rate AAA/aaa.

Florida Statutes provide that funds awaiting clearing may be invested. Pursuant to an agreement with a local financial institution, cash on deposit, including the County's float, was invested overnight in United States Treasury Obligations per the repurchase agreement.

The Florida Local Government Investment Trust Fund (FLGIT) is a professionally managed fund available only to public entities in Florida. The investment policy of FLGIT restricts investments to direct obligations of or securities fully guaranteed by the United States; obligations of certain federal agencies, including collateralized obligations; repurchase agreements; and commercial paper.

As of September 30, 2010, the County's deposits consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity (months)</u>
Florida Local Government Investment Trust	<u>\$602,512</u>	Demand
Total	<u>\$602,512</u>	

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk of Deposits

All cash resources of the County are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that the County's funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Interest Rate Risk

At September 30, 2010, the County did not hold any investments that were considered to be an interest rate risk.

Credit Risks

At September 30, 2010, the County did not hold any investments that were considered to be a credit risk.

Custodial Risk

For an investment, there is a risk that in the event of a failure of the counterparty to a transaction, the government will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The County's investments are excluded from the definition of custodial credit risk.

Concentration of Credit Risk

At September 30, 2010, the County did not hold any investments that were considered to be a concentration of credit risk.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Internal balances at September 30, 2010, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 223,972	\$ 207,381
Special revenue funds		
Nonmajor governmental funds	13,114	5
Fines and Forfeitures	<u>2,320</u>	<u>—</u>
Total special revenue funds	<u>15,434</u>	<u>5</u>
Agency funds	<u>329</u>	<u>32,349</u>
Total	<u>\$ 239,735</u>	<u>\$ 239,735</u>

The general fund has amounts due to and from constitutional officers, which represent the return of excess appropriations due at the end of the fiscal year, from either budget or officers or fee officers.

All remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2010, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$3,283,982	\$ 39,416
Special revenue funds		
Fines and forfeitures	—	2,710,572
Sheriff	6,176	158
Road and bridges	—	449,188
Secondary road	—	28,885
Proprietary Funds		
Oak Grove	—	29,591
Highland View	—	61,233
Debt Service fund	<u>28,885</u>	<u>—</u>
Total	<u>\$3,319,043</u>	<u>\$3,319,043</u>

The transfers were for budgeted operations.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010, was as follows:

	<u>September 30,</u> <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30,</u> <u>2010</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,823,601	\$ 300,000	\$ —	\$ 4,123,601
Construction in progress	<u>2,414,742</u>	<u>1,223,539</u>	<u>(915,088)</u>	<u>2,723,193</u>
Total capital assets, not being depreciated	<u>6,238,343</u>	<u>1,523,539</u>	<u>(915,088)</u>	<u>6,846,794</u>
Capital assets being depreciated:				
Buildings and improvements	13,380,358	732,329	(448,281)	13,664,406
Machinery and equipment	16,515,292	1,022,205	(439,484)	17,098,013
Infrastructure	<u>34,993,011</u>	<u>915,088</u>	<u>—</u>	<u>35,908,099</u>
Total capital assets being depreciated	<u>64,888,661</u>	<u>2,669,622</u>	<u>(887,765)</u>	<u>66,670,518</u>
Less accumulated depreciation for:				
Infrastructure	9,315,133	853,596	—	4,888,002
Buildings and improvements	4,841,946	276,987	(230,931)	10,280,135
Machinery and equipment	<u>8,903,569</u>	<u>1,809,005</u>	<u>(432,439)</u>	<u>10,168,729</u>
Total accumulated depreciation	<u>23,060,648</u>	<u>2,939,588</u>	<u>(663,370)</u>	<u>25,336,866</u>
Total capital assets being depreciated, net	<u>41,828,013</u>	<u>(269,966)</u>	<u>(224,395)</u>	<u>41,333,652</u>
Total Governmental activities, capital assets, (net of accumulated depreciation)	<u>\$ 48,066,356</u>	<u>\$ 1,253,573</u>	<u>\$ (1,139,483)</u>	<u>\$ 48,180,446</u>

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

General Government	\$ 198,848
Public safety	1,025,594
Physical environment	392,535
Transportation	974,384
Economic environment	38,779
Human services	162,035
Culture and recreation	131,910
Court related	<u>15,503</u>
Total depreciation expense – governmental activities	<u>\$ 2,939,588</u>

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 6 - CAPITAL ASSETS (continued)

	<u>September 30,</u> <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30,</u> <u>2010</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 737	\$ —	\$ —	\$ 737
Total capital assets, not being depreciated	<u>737</u>	<u>—</u>	<u>—</u>	<u>737</u>
Capital assets being depreciated:				
Buildings and utility systems	<u>841,378</u>	<u>—</u>	<u>—</u>	<u>841,378</u>
Total capital assets being depreciated	<u>841,378</u>	<u>—</u>	<u>—</u>	<u>841,378</u>
Less accumulated depreciation	<u>(437,592)</u>	<u>(21,036)</u>	<u>—</u>	<u>(458,628)</u>
Total capital assets being depreciated, net	<u>403,786</u>	<u>(21,036)</u>	<u>—</u>	<u>382,750</u>
Total business-type activities', capital assets, (net of accumulated depreciation)	<u>\$ 404,523</u>	<u>\$ (21,036)</u>	<u>\$ —</u>	<u>\$ 383,487</u>

Depreciation expense for the water fund for the year ended September 30, 2010 was \$21,036.

NOTE 7 - LONG - TERM DEBT

Long-term debt of the County at September 30, 2010, is as follows:

<u>Bonds Payable</u>	<u>Balance</u> <u>September 30,</u> <u>2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2010</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Board of County Commissioners					
Gas Tax Revenue Bonds, Series 20006; proceeds used for capital improvements, refunding of 1995 gas tax refunding and improvement revenue bonds and Series 2001 gas tax revenue bonds (note 7-A).	\$ 14,075,000	\$ —	\$ (375,000)	\$13,700,000	\$ 390,000
Ad Valorem Tax Bonds, Series 2006; proceeds used for capital improvements (note 7-B)	<u>6,630,000</u>	<u>—</u>	<u>(1,555,000)</u>	<u>5,075,000</u>	<u>1,620,000</u>
Total governmental activities bonds payable	<u>\$ 20,705,000</u>	<u>\$ —</u>	<u>\$(1,930,000)</u>	<u>\$18,775,000</u>	<u>\$ 2,010,000</u>

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 7 - LONG - TERM DEBT (continued)

<u>Notes Payable</u>	<u>Balance September 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2010</u>	<u>Due Within One Year</u>
Board of County Commissioners					
Note payable to bank, payable in annual payments of \$22,486 including interest at 3.98% secured by land.	\$ 21,218	\$ —	\$ (21,218)	\$ —	\$ —
Note payable to bank, payable in annual payments of \$54,946 including interest at 3.37% secured by fire department truck.	53,154	—	(53,154)	—	—
Note payable to bank in annual payments of \$9,804 including interest at 4.22%, unsecured.	18,783	—	(9,376)	9,407	9,407
Note payable to bank, payable in Annual payments of \$33,983 Including interest at 4.3%	93,721	—	(29,952)	63,769	31,240
Note payable to bank in annual payments of \$28,326 including interest at 4.25%, unsecured	—	125,000	—	125,000	23,012
Note payable to bank in annual Payments of \$109,003 including Interest at 3.63%, secured by Equipment, maturing in 2012	<u>304,632</u>	<u>—</u>	<u>(97,946)</u>	<u>206,686</u>	<u>101,501</u>
Total governmental activities notes payable	<u>\$ 491,508</u>	<u>\$ 125,000</u>	<u>\$ (211,646)</u>	<u>\$ 404,862</u>	<u>\$ 165,160</u>

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 7 - LONG - TERM DEBT (continued)

	<u>Balance September 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2010</u>	<u>Due Within One Year</u>
<u>Installment Contracts Sheriff</u>					
Installment purchase agreement for one vehicle, payable in monthly installments of \$1,629 including interest at 7.096%.	\$ 1,619	\$ —	\$ (1,619)	\$ —	\$ —
Installment purchase agreement for one vehicle, payable in monthly installments of \$2,275 including interest at 8%.	<u>24,047</u>	<u>—</u>	<u>(24,047)</u>	<u>—</u>	<u>—</u>
Total installment contracts Sheriff	<u>\$ 25,666</u>	<u>\$ —</u>	<u>\$ (25,666)</u>	<u>\$ —</u>	<u>\$ —</u>
Total governmental activities installments contracts	<u>\$ 25,666</u>	<u>\$ —</u>	<u>\$ (25,666)</u>	<u>\$ —</u>	<u>\$ —</u>
Long-term landfill closure and postclosure liability (note 13)	\$ 2,211,966	\$ 123,810	\$ —	\$ 2,335,776	\$ —
Other postemployment benefits	—	88,448	—	88,448	—
Liability for compensated absences	<u>1,207,179</u>	<u>180,306</u>	<u>(237,784)</u>	<u>1,149,701</u>	<u>292,641</u>
Total governmental activities bonds, notes, payable and other long-term debt	<u>\$24,641,319</u>	<u>\$ 517,564</u>	<u>\$ (2,405,096)</u>	<u>\$22,753,787</u>	<u>\$ 2,467,801</u>

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 7 - LONG - TERM DEBT (continued)

Future debt service requirements on long-term debt are summarized below:

Year Ending September 30,	Series 2006 Capital Improvement Refunding Bonds		Series 2006 Capital Improvement Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 390,000	\$ 596,944	\$ 1,620,000	\$ 230,375
2012	405,000	581,044	1,700,000	149,375
2013	420,000	564,544	1,755,000	87,750
2014	435,000	547,444	—	—
2015	455,000	529,644	—	—
2016-2020	2,570,000	2,336,770	—	—
2021-2025	3,165,000	1,726,974	—	—
2026-2030	4,000,000	870,002	—	—
2031-2032	1,860,000	82,250	—	—
Total	<u>\$ 13,700,000</u>	<u>\$ 7,835,616</u>	<u>\$ 5,075,000</u>	<u>\$ 467,500</u>

Year Ending September 30,	Notes Payable	
	Principal	Interest
2011	\$ 165,160	\$ 15,956
2012	161,706	9,606
2013	25,010	3,315
2014	26,073	2,252
2015	26,913	1,144
Total	<u>\$ 404,862</u>	<u>\$ 32,273</u>

■ **Bonds Payable and Pledged Revenues**

- (A) 4% \$14,745,000 Gas Tax Refunding and Improvement Revenue Bonds Series 2006-\$13,700,000 balance. These bonds were issued in September 2006, for the purpose of (i) financing the cost of the acquisition, construction, paving enlargement or other improvements of certain roads and transportation systems within the County; (ii) refund all of the County's Outstanding Gas Tax Refunding and Improvement Revenue Bonds, Series 1995 and all of the County's Outstanding Gas Tax Revenue Bonds, Series 2001; (iii) paying the cost of the premium of a Surety Bond to fund the Reserve Account; and (iv) paying certain costs incurred in connection with the issuance of the Series 2006 Bonds. The Series 2006 bonds, mature serially beginning October 1, 2007 and are subject to redemption prior to maturity. The bonds are payable from and secured by a lien upon and pledge of (i) the Local Option Gas Tax, (ii) the Constitutional Gas Tax, (iii) the County Gas Tax., and (iv) interest earnings on certain funds. The remaining principal and interest payments on this debt as of September 30, 2010 was \$21,535,616. Annual principal and interest payments on the bond required 79% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues for the year were \$987,244 and \$1,310,134 respectively.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 7 - LONG - TERM DEBT (continued)

A portion of the proceeds from series 2006 bonds have been placed in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of interest and principal on the series 1995 Tax Bonds and the series 2001 Gas Tax Revenue Bonds. These refunded bonds have not been included in the County's outstanding long-term debt since the County has legally satisfied its obligation with respect thereto through the consumption of the refunding transaction described therein.

- (B) 3.625% to 5.0% \$10,790,000 Ad Valorem Tax Revenue Bonds, Series 2006-\$5,075,000 balance. These bonds were issued in December 2006, to be used for (i) beachfront renourishment and reconstruction in Cape San Blas (ii) fund a Debt Service Reserve Fund and (iii) pay certain costs and expenses related to the issuance of the bond. The Bonds mature serially beginning on August 1, 2007 and are not subject to redemption prior to their stated maturities. The principle and interest on the bonds are payable from and secured by a limited pledge of the ad valorem taxing power of the County within its Cape San Blas Gulfside Municipal Taxing Unit and its Cape San Blas Gulfside Interior Municipal Services Taxing Unit and shall not exceed 6 mills and 4 mills, respectively. The remaining principal and interest payments on this debt as of September 30, 2010 was \$5,542,500. Annual principal and interest payments on the bond required 97% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues for the year were \$1,847,575 and \$1,889,463 respectively.

NOTE 8 - NET ASSET RESTRICTIONS

The government-wide statement of net assets reports \$4,112,667 of restricted net assets, of which \$1,581,626 is restricted by enabling legislation at September 30, 2010.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 9 - EMPLOYEE BENEFITS

Retirement Plan

Plan Description

The County and the elected officials participate in the Florida Retirement System (FRS) a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida 32399-1560, or by accessing their internet site at www.dos.state.fl.us/fgils/retirement.

The System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six year of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

	<u>10/1/2009 through 6/30/2010</u>	<u>7/1/2010 through 9/30/2010</u>
Regular class	9.85%	10.77%
Senior management service class	13.12%	14.57%
Elected County officials' class	16.53%	18.64%
Special risk employees' class	20.92%	23.25%
DROP plan participants	10.91%	12.25%

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 9 - EMPLOYEE BENEFITS (continued)

Contribution rates equal actuarial determined rates. During the year ended September 30, 2010, total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

	<u>Payroll Expense</u>	<u>Retirement Contributions</u>
Board of County Commissioners	\$ 4,165,123	\$ 475,074
Clerk of the Circuit Court	690,406	76,008
Sheriff	1,541,564	277,917
Property Appraiser	236,711	31,010
Tax Collector	283,854	35,053
Supervisor of Elections	<u>140,056</u>	<u>15,108</u>
Total	<u>\$ 7,057,714</u>	<u>\$ 910,170</u>

The County's contributions to the Plan for the years ended September 30, 2010 and 2009 and 2008 were \$910,170, \$891,666 and \$879,926 respectively, which equal the required contributions. For the year ended September 30, 2010 retirement contributions represent 13% of County's total covered payroll.

Effective July 1, 1998, the Legislature established a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed sixty months after electing to participate. Deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Effective for the 2009-2010 fiscal year, the County has implemented Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for retiree health insurance. The requirements of this Statement are being implemented prospectively, with the actuarially accrued liability for benefits \$813,585 at transition, amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care benefits liability at the date of implementation.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Plan Description

The County has established the Retiree's Health Insurance Other Post Employment Benefits Plan, a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The Count subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The County currently has approximately 171 total active and retired employees eligible to receive these benefits. No stand alone report is issued for this plan.

Eligibility

A participant is eligible to receive benefits from the plan upon retirement under the Florida Retirement System plan provisions. To be eligible for retiree benefits, the participant must be covered under the medical plan as an active immediately prior to retirement. Participants not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the plan.

Funding Policy

Although the contribution requirement is established by Statute, the contribution amount required by plan members and the government are established and may be amended by the Gulf County Board of County Commissioners. Currently, members receiving benefits pay the full costs (total premium) for medical coverage.

The contribution rates effective for other eligible County plan members during the year are shown below:

<u>Coverage</u>	<u>Blueoptions 3559</u>	<u>Blueoptions HAS 3160-3161</u>
Retiree	\$ 622	\$ 388
Retiree and Spouse	1,288	663
Retiree and Children	1,169	602
Retiree and Family	1,975	1,017

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. During the fiscal year, the County provided contributions of \$46,887 toward the annual OPEB cost. A Schedule of Employer Contributions can be found in required supplementary information immediately following the notes.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Description

Normal cost (service cost for one year)	\$	44,061
Amortization of unfunded actuarial accrued liability		<u>47,050</u>
Annual required contribution		91,111
Interest on net OPEB obligation		—
Adjustment to annual required contribution		<u>—</u>
Annual OPEB cost (expense)		91,111
Contribution toward the OPEB cost		<u>46,887</u>
Increase in net OPEB obligation		44,224
Net OPEB obligation, beginning of year		<u>44,224</u>
Net OPEB obligation, end of year	\$	<u><u>88,448</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2010 was as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2008	N/A	N/A	N/A
2009	\$ 91,111	51%	\$ 44,224
2010	91,111	51%	88,448

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Funding Status and Funding Progress

The funding status and funding progress information can be found in the Schedule of Funding Progress which is presented as required supplementary information immediately following the notes. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Methods and Assumptions

The County had an actuarial valuation completed for the fiscal year ended September 30, 2010. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, in effect at the valuation date and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially determined accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The initial OPEB actuarial valuation method used for the County was the unit credit actuarial cost method. This method is used to estimate the actuarial liabilities and costs. This method was selected because it produced the best estimate of the OPEB liability and annual cost for the County employees. The actuarial assumptions include a 4% rate of return on investments for the County. The actuarial assumptions also include an annual healthcare cost trend rate. For the County, this rate begins with an initial rate for 2009-10 fiscal year of 6.10%. It fluctuates in the first four years reaching a future year's rate of 5.9%. The unfunded actuarial accrued liability is being amortized with a level dollar method. The remaining open amortization period at September 30, 2010 is 29 years.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of , damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The County purchases commercial insurance to cover their risk of losses. The County determined that it was not economically justifiable to carry comprehensive coverage on certain vehicles and equipment after approximately five years of ownership. The County carries liability insurance on the aforementioned vehicles and equipment. Insurance against losses are provided for the following types of risk:

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage
- Public officials' liability
- Accidental death and dismemberment

The County's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the County's experience for this type of risk.

The Sheriff participates in the Florida Sheriff's Self-Insurance Fund Program, administered by the Florida Sheriff's Association. The program is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under this program includes general liability, public officials' liability and public employees' blanket bond.

The funding agreements provide that the self-insurance fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage.

The Gulf County Sheriff determined that it was not economically justifiable to carry comprehensive coverage on all vehicles but the Gulf County Sheriff carries liability insurance on the aforementioned vehicles. The Gulf County Sheriff currently covers all claim settlements and judgments out of available operating resources.

NOTE 12 - AMBULANCE SERVICES

The County has financial responsibility for providing ambulance services throughout the County. Ambulance accounts receivable, and revenues and expenditures are included in the general fund of the accompanying financial statement. Accounts receivable for the ambulance service for the year ended September 30, 2010 was \$477,807 which is net of \$642,176 allowance for uncollectible accounts.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 13 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the County place a final cover on its landfill sites when it ceases accepting waste, and perform certain maintenance and monitoring functions at the site for thirty years after closure. Currently, the County monitors two closed landfills and operates a Class III landfill and a construction debris landfill. Receipt of debris at the construction debris landfill has been indefinitely suspended and the County expects to officially close the landfill.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,335,776 reported as landfill closure and postclosure care liability at September 30, 2010, represents the cumulative amount reported to date based on the use of 72% of the estimated capacity of the landfill cells placed in use. The Board will recognize the remaining estimated cost of closure and postclosure care of \$1,899,077 as the remaining estimated capacity is filled (approximately 10 years). These amounts are based on what it would cost to perform closure and post-closure care in 2010 on those cells placed in use. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

The Board is required by state and federal laws to make annual contributions to an escrow account to finance a minimum of all closure costs. At September 30, 2010, the Board held deposits with a fair value of \$1,352,755 for these purposes that are reported as restricted assets on the balance sheet. This amount includes \$1,350,305 that is restricted for closing Five Points Landfill and \$2,450 that is restricted for long term care of Buckhorn Landfill. The Board expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care costs are determined to be required, these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 14 - LEGAL PROCEEDINGS

The County is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's legal counsel that the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the County.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 15 - LEASES

Lease to Raffield Fisheries, Inc., Cancellation of Note Receivable and Extinguishment of Note Payable

Through a series of transactions commencing in 1986 with Raffield Fisheries, Inc. ("Raffield"), Apalachee Regional Planning Council ("ARPC") and Gulf County, the County obtained ownership to a freezer building and improvements from Raffield. In turn, these assets were leased to Raffield. In September 2010 after all obligations to the ARPC and the County were satisfied ownership of the freezer was restored to Raffield.

The County has approximately \$200,000 available from retail and disposal of the freezer building which is restricted to fund revolving loans.

Industrial Park Lease

In May 2002, the Board entered into a sixteen year commercial lease/purchase agreement with Taunton Truss, Inc. ("Taunton"), whereby Taunton leases from the County a commercial building at an industrial park located on Highway 71, south of Wewahitchka, Florida. Taunton voluntarily surrendered the industrial park building to the County in September 2010. The building is currently vacant.

NOTE 16 - GRANTS

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2010, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 17 - FUND EQUITY

Reserved Fund Equity

Reservations of equity show amounts that are not appropriated for expenditure or are legally restricted for specific uses. The purpose for each is indicated as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Board of County Commissioners		
General Fund	Landfill escrow	\$ 1,352,755
	Court technology	39,121
	Boating improvements	24,122
	Other programs	39,033
Special revenue funds	Law enforcement and drug awareness	126,595
	Capital projects	1,124,005
Debt service fund	Repayment of long-term debt	<u>1,407,036</u>
Total		<u>\$ 4,112,667</u>

NOTE 18 - COMMITMENTS

The Gulf County Board of County Commissioners has interlocal agreements with the Cities of Port St. Joe and Wewahitchka, Florida, to provide the method and mechanism for distribution of the New Money Portion of the Series 2006 Bonds as well as to provide for the cities' relinquishment of any rights to the local option fuel tax on motor fuel and diesel fuel. Pursuant to the interlocal agreements the County issued its Series 2006 Bonds which are secured, in part, by a pledge of, and first lien upon, the Gas Tax Revenues. The waiver of this entitlement to receive Gas Tax Revenues is valid until either the final maturity date of the Series 2006 Bonds or December 31, 2031 whichever comes first.

In exchange for such waiver and relinquishment of entitlement to the Gas Tax Revenues, the County will provide paving, resurfacing and maintenance of the city roads expressly designated between the parties. The total transportation improvements provided by the County to the Cities of Port St. Joe and Wewahitchka were approximately \$2,250,000 and \$960,000, respectively.

**GULF COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE 18 - COMMITMENTS (continued)

The Gulf County Sheriff has an interlocal agreement with the City of Wewahitchka, whereby personnel from the Sheriff's office provide law enforcement services to the City of Wewahitchka. As consideration therefore, the Sheriff receives payments of \$33,600 annually from the City.

The Gulf County Sheriff entered into a service agreement with the City of Port St. Joe Police Department, whereby the Sheriff provides all dispatching services required within the City of Port St. Joe. The City of Port St. Joe pays the Gulf County Sheriff the sum of \$16,500 per quarter, in consideration for these services.

NOTE 19 - WATER SYSTEM OPERATIONS

The County owns the two remaining water systems, Williamsburg/Methodist Hill and Oak Grove. The City of Wewahitchka operates the Williamsburg/Methodist Hill Water System. Although there is not an active inter-local agreement this water system continues to be operated by the City of Wewahitchka under the terms of the 1993 inter-local agreement which terminated in 1994. The City of Port St. Joe operates the Oak Grove Water System. Neither one of these water systems brings any revenue to the County. The only expense to the County for either of these two water systems is depreciation.

REQUIRED SUPPLEMENTARY INFORMATION

GULF COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2010

Schedule of Funding Progress for the Retiree's Health Insurance
Other Post Employment Benefits Plan

Actuarial Valuation Date As of Oct 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
2006	N/A	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	\$ —	\$ 813,585	\$ 813,585	0.0%	N/A	N/A

Schedule of Employer Contributions for the Retiree's Health Insurance
Other Post Employment Benefits Plan

Fiscal Year Ended September 30,	Actual Contribution	Annual Required Contribution	Percentage Contributed
2008	N/A	N/A	N/A
2009	\$ 46,887	\$ 91,111	51%
2010	\$ 46,887	\$ 91,111	51%

COMBINING FINANCIAL STATEMENTS

**GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

Special Revenue						
	County Road and Bridge	Secondary Road and Bridge	Tourist Development Trust	Sheriff's Special Revenue	DRI/EAR Impact	Clerk Modernization Trust
Assets						
Cash and cash equivalents	\$ —	\$ 299,713	\$ 1,044,835	\$ 10,568	\$ 209,329	\$ 261,397
Due from other funds	—	—	—	—	—	3,412
Due from other governments	—	—	4,769	—	—	—
Accounts receivable (net)	—	—	49,098	—	—	—
Total assets	—	299,713	1,098,702	10,568	209,329	264,809
Liabilities and fund balances						
Liabilities						
Vouchers payable	—	—	74,933	—	—	35,092
Due to other funds	—	—	—	—	—	5
Due to other governments	—	—	—	—	—	—
Deferred revenue	—	—	—	—	—	—
Total liabilities	—	—	74,933	—	—	35,097
Fund balances						
Reserved for other purposes	—	—	—	—	—	—
Unreserved	—	299,713	1,023,769	10,568	209,329	229,712
Total fund balances	—	299,713	1,023,769	10,568	209,329	229,712
Total liabilities and Fund balances	\$ —	\$ 299,713	\$ 1,098,702	\$ 10,568	\$ 209,329	\$ 264,809

(Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2010

	Special Revenue					
	Administrative Order 86-12	HUD CDBG	Howard Creek Fire Control	St. Joe Fire Control	Tupelo Fire Control	Overstreet Fire Control
Assets						
Cash and cash equivalents	\$ 149,860	\$ 199,309	\$ 2,530	\$ 1,124,283	\$ 52,522	\$ 11,675
Due from other funds	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—
Accounts receivable (net)	—	—	—	—	—	—
Total assets	<u>149,860</u>	<u>199,309</u>	<u>2,530</u>	<u>1,124,283</u>	<u>52,522</u>	<u>11,675</u>
Liabilities and fund balances						
Liabilities						
Vouchers payable	—	137	213	113,369	1,379	1,873
Due to other funds	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—
Deferred revenue	—	—	55	4,742	169	64
Total liabilities	<u>—</u>	<u>137</u>	<u>268</u>	<u>118,111</u>	<u>1,548</u>	<u>1,937</u>
Fund balances						
Reserved for other purposes	—	—	—	—	—	—
Unreserved	<u>149,860</u>	<u>199,172</u>	<u>2,262</u>	<u>1,006,172</u>	<u>50,974</u>	<u>9,738</u>
Total fund balances	<u>149,860</u>	<u>199,172</u>	<u>2,262</u>	<u>1,006,172</u>	<u>50,974</u>	<u>9,738</u>
Total liabilities and Fund balances	<u>\$ 149,860</u>	<u>\$ 199,309</u>	<u>\$ 2,530</u>	<u>\$ 1,124,283</u>	<u>\$ 52,522</u>	<u>\$ 11,675</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2010

	Special Revenue					
	St. Joe Fire Impact Fee	Tupelo Fire Impact Fee	Overstreet Fire Impact Fee	Howard Creek Fire Impact Fee	Hospital	Wireless 911
Assets						
Cash and cash equivalents	\$ 5,513	\$ 5,803	\$ 1,886	\$ 563	\$ 1,098,253	\$ 163,038
Due from other funds	—	—	—	—	—	—
Due from other governments	—	—	—	—	92,874	—
Accounts receivable (net)	—	—	—	—	—	—
Total assets	<u>5,513</u>	<u>5,803</u>	<u>1,886</u>	<u>563</u>	<u>1,191,127</u>	<u>163,038</u>
Liabilities and fund balances						
Liabilities						
Vouchers payable	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—
Deferred revenue	—	—	—	—	—	161,807
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>161,807</u>
Fund balances						
Reserved for other purposes	—	—	—	—	—	—
Unreserved	<u>5,513</u>	<u>5,803</u>	<u>1,886</u>	<u>563</u>	<u>1,191,127</u>	<u>1,231</u>
Total fund balances	<u>5,513</u>	<u>5,803</u>	<u>1,886</u>	<u>563</u>	<u>1,191,127</u>	<u>1,231</u>
Total liabilities and Fund balances	<u>\$ 5,513</u>	<u>\$ 5,803</u>	<u>\$ 1,886</u>	<u>\$ 563</u>	<u>\$ 1,191,127</u>	<u>\$ 163,038</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2010

	Special Revenue					
	M.S.T.U. Debt Service	Correctional Facility Impact Fee	EMS Impact Fee	Parks and Recreation Impact Fee	E911	Mosquito Control
Assets						
Cash and cash equivalents	\$ 801,634	\$ 16,826	\$ 40,642	\$ 28,045	\$ 185,149	\$ 139,387
Due from other funds	—	—	—	—	9,702	—
Due from other governments	—	—	—	—	10,711	—
Accounts receivable (net)	—	—	—	—	—	—
Total assets	<u>801,634</u>	<u>16,826</u>	<u>40,642</u>	<u>28,045</u>	<u>205,562</u>	<u>139,387</u>
Liabilities and fund balances						
Liabilities						
Vouchers payable	—	—	—	—	3,627	—
Due to other funds	—	—	—	—	—	—
Due to other governments	—	—	—	—	—	—
Deferred revenue	<u>5,476</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>5,476</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,627</u>	<u>—</u>
Fund balances						
Reserved for other purposes	—	—	—	—	—	2,344
Unreserved	<u>796,158</u>	<u>16,826</u>	<u>40,642</u>	<u>28,045</u>	<u>201,935</u>	<u>137,043</u>
Total fund balances	<u>796,158</u>	<u>16,826</u>	<u>40,642</u>	<u>28,045</u>	<u>201,935</u>	<u>139,387</u>
Total liabilities and Fund balances	<u>\$ 801,634</u>	<u>\$ 16,826</u>	<u>\$ 40,642</u>	<u>\$ 28,045</u>	<u>\$ 205,562</u>	<u>\$ 139,387</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
SEPTEMBER 30, 2010

	<u>Special Revenue</u>				<u>Debt Service</u>		<u>Total</u>
	<u>Beach</u>	<u>Emergency</u>		<u>Industrial</u>	<u>Construction</u>	<u>Public</u>	<u>Nonmajor</u>
	<u>Renovation</u>	<u>Medical</u>	<u>CDBG</u>	<u>Park</u>	<u>and</u>	<u>Improvement</u>	<u>Governmental</u>
		<u>Services</u>		<u>EDA</u>	<u>Acquisition</u>		<u>Funds</u>
Assets							
Cash and cash equivalents	\$ 844,971	\$ 6,531	\$ 57	\$ 220,495	\$ 279,034	\$ 1,407,035	\$ 8,610,883
Due from other funds	—	—	—	—	—	—	13,114
Due from other governments	—	—	26,000	—	—	—	134,354
Accounts receivable (net)	—	—	—	—	—	—	49,098
Total Assets	<u>844,971</u>	<u>6,531</u>	<u>26,057</u>	<u>220,495</u>	<u>279,034</u>	<u>1,407,035</u>	<u>8,807,449</u>
Liabilities and fund balances							
Liabilities							
Vouchers payable	—	—	26,000	—	—	—	256,623
Due to other funds	—	—	—	—	—	—	5
Due to other governments	—	258	—	—	—	—	258
Deferred revenue	—	6,273	—	—	—	—	178,586
Total Liabilities	<u>—</u>	<u>6,531</u>	<u>26,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>435,472</u>
Fund balances							
Reserved for other purposes	—	—	—	—	—	—	2,344
Unreserved	844,971	—	57	220,495	279,034	1,407,035	8,369,633
Total fund balances	<u>844,971</u>	<u>—</u>	<u>57</u>	<u>220,495</u>	<u>279,034</u>	<u>1,407,035</u>	<u>8,371,977</u>
Total liabilities and fund balances	<u>\$ 844,971</u>	<u>\$ 6,531</u>	<u>\$ 57</u>	<u>\$ 220,495</u>	<u>\$ 279,034</u>	<u>\$ 1,407,035</u>	<u>\$ 8,807,449</u>

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue					
	County Road and Bridge	Secondary Road and Bridge	Tourist Development Trust	Sheriff's Special Revenue	DRI/EAR Impact	Clerk Modernization Trust
Revenues						
Taxes	\$ —	\$ 71,741	\$ 740,845	\$ —	\$ —	\$ —
Intergovernmental	—	—	152,213	—	—	—
Charges for services	—	—	—	—	—	47,311
Investment earnings and other	—	—	260,959	5,572	737	822
Total revenues	—	71,741	1,153,927	5,572	737	48,133
Expenditures						
Current						
General government	—	—	—	—	—	30,917
Public safety	—	—	—	7,081	—	—
Physical environment	—	—	63,447	—	—	—
Economic environment	—	—	769,610	—	—	—
Transportation	—	—	—	—	—	—
Court related	—	—	—	—	—	27,758
Human services	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	12,399
Debt service	—	—	33,983	—	—	—
Total expenditures	—	—	867,040	7,081	—	71,074
Excess (deficiency) of revenues over (under) expenditures	—	71,741	286,887	(1,509)	737	(22,941)
Other financing sources (uses)						
Transfers out	(449,188)	(28,885)	—	(158)	—	—
Transfers in	—	—	—	6,176	—	—
Debt proceeds	—	—	—	—	—	—
Total other financing Sources (uses)	(449,188)	(28,885)	—	6,018	—	—
Net change in fund balances	(449,188)	42,856	286,887	4,509	737	(22,941)
Fund balances - beginning	449,188	256,857	736,882	6,059	208,592	252,653
Fund balances - ending	<u>\$ —</u>	<u>\$ 299,713</u>	<u>\$ 1,023,769</u>	<u>\$ 10,568</u>	<u>\$ 209,329</u>	<u>\$ 229,712</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue					
	Administrative Order 86-12	HUD CDBG	Howard Creek Fire Control	St. Joe Fire Control	Tupelo Fire Control	Overstreet Fire Control
Revenues						
Taxes	\$ —	\$ —	\$ 16,550	\$ 626,859	\$ 52,922	\$ 25,896
Intergovernmental	—	—	3,573	96,606	7,994	8,058
Charges for services	—	—	—	—	—	—
Investment earnings and other	479	339,932	7,185	—	—	—
Total revenues	479	339,932	27,308	723,465	60,916	33,954
Expenditures						
Current						
General government	—	—	—	—	—	—
Public safety	—	—	24,238	186,148	32,530	33,900
Physical environment	—	—	—	—	—	—
Economic environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Court related	2,380	—	—	—	—	—
Human services	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—
Capital outlay	—	—	1,386	1,158,139	13,971	—
Debt service	—	356,687	—	55,446	—	—
Total expenditures	2,380	356,687	25,624	1,399,733	46,501	33,900
Excess (deficiency) of revenues over (under) expenditures	(1,901)	(16,755)	1,684	(676,268)	14,415	54
Other financing sources (uses)						
Transfers out	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—
Debt proceeds	—	—	—	125,000	—	—
Total other financing Sources (uses)	—	—	—	125,000	—	—
Net change in fund balances	(1,901)	(16,755)	1,684	(551,268)	14,415	54
Fund balances - beginning	151,761	215,927	578	1,557,440	36,559	9,684
Fund balances - ending	<u>\$ 149,860</u>	<u>\$ 199,172</u>	<u>\$ 2,262</u>	<u>\$ 1,006,172</u>	<u>\$ 50,974</u>	<u>\$ 9,738</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue					
	St. Joe Fire Impact Fee	Tupelo Fire Impact Fee	Overstreet Fire Impact Fee	Howard Creek Fire Impact Fee	Hospital	Wireless 911
Revenues						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 525,407	\$ —
Intergovernmental	—	—	—	—	—	—
Charges for services	—	—	—	—	—	—
Investment earnings and other	65	66	22	7	16,130	745
Total revenues	65	66	22	7	541,537	745
Expenditures						
Current						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Physical environment	—	—	—	—	—	—
Economic environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Court related	—	—	—	—	—	—
Human services	—	—	—	—	796,367	—
Culture and recreation	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
Debt service	—	—	—	—	—	—
Total expenditures	—	—	—	—	796,367	—
Excess (deficiency) of revenues over (under) expenditures	65	66	22	7	(254,830)	745
Other financing sources (uses)						
Transfers out	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—
Debt proceeds	—	—	—	—	—	—
Total other financing Sources (uses)	—	—	—	—	—	—
Net change in fund balances	65	66	22	7	(254,830)	745
Fund balances - beginning	5,448	5,737	1,864	556	1,445,957	486
Fund balances - ending	<u>\$ 5,513</u>	<u>\$ 5,803</u>	<u>\$ 1,886</u>	<u>\$ 563</u>	<u>\$ 1,191,127</u>	<u>\$ 1,231</u>

(Continued)

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue					
	M.S.T.U. Debt Service	Correctional Facility Impact Fee	EMS Impact Fee	Parks and Recreation Impact Fee	E911	Mosquito Control
Revenues						
Taxes	\$ 1,889,463	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental	20,597	—	—	—	129,794	37,683
Charges for services	—	—	—	—	—	—
Investment earnings and other	<u>20,272</u>	<u>200</u>	<u>473</u>	<u>533</u>	<u>2,071</u>	<u>1,359</u>
Total revenues	<u>1,930,332</u>	<u>200</u>	<u>473</u>	<u>533</u>	<u>131,865</u>	<u>39,042</u>
Expenditures						
Current						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	120,280	—
Physical environment	41	—	—	—	—	—
Economic environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Court related	—	—	—	—	—	—
Human services	—	2,291	—	—	—	—
Culture and recreation	—	—	—	15,666	—	—
Capital outlay	—	—	—	23,914	2,114	—
Debt service	<u>1,850,653</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>1,850,694</u>	<u>2,291</u>	<u>—</u>	<u>39,580</u>	<u>122,394</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,638</u>	<u>(2,091)</u>	<u>473</u>	<u>(39,047)</u>	<u>9,471</u>	<u>39,042</u>
Other financing sources (uses)						
Transfers out	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—
Debt proceeds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>79,638</u>	<u>(2,091)</u>	<u>473</u>	<u>(39,047)</u>	<u>9,471</u>	<u>39,042</u>
Fund balances - beginning	<u>716,520</u>	<u>18,917</u>	<u>40,169</u>	<u>67,092</u>	<u>192,464</u>	<u>100,345</u>
Fund balances - ending	<u>\$ 796,158</u>	<u>\$ 16,826</u>	<u>\$ 40,642</u>	<u>\$ 28,045</u>	<u>\$ 201,935</u>	<u>\$ 139,387</u>

GULF COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue					Debt Service	Total Nonmajor Governmental
	Beach Renovation	Emergency Medical Services	CDBG	Industrial Park EDA	Construction and Acquisition	Public Improvement	Funds
Revenues							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 396,874	\$ 4,346,557
Intergovernmental	—	—	38,000	—	—	913,260	1,407,688
Charges for services	—	—	—	—	—	—	47,311
Investment earnings and other	9,870	—	—	520	6,311	7,182	681,512
Total Revenues	9,870	—	38,000	520	6,311	1,317,316	6,483,068
Expenditures							
Current							
General government	—	—	—	—	—	—	30,917
Public safety	—	—	—	—	—	—	404,177
Physical environment	21,150	—	34,000	—	—	—	118,638
Economic environment	—	—	4,000	—	—	—	773,610
Transportation	—	—	—	—	58,442	—	58,442
Court related	—	—	—	—	—	—	30,138
Human services	—	—	—	—	—	—	798,658
Culture and recreation	—	—	—	—	—	—	15,666
Capital outlay	—	—	—	—	94,523	—	1,306,446
Debt service	—	—	—	—	—	989,647	3,286,416
Total expenditures	21,150	—	38,000	—	152,965	989,647	6,823,108
Excess (deficiency) of revenues over (under) expenditures	(11,280)	—	—	520	(146,654)	327,669	(340,040)
Other financing sources (uses)							
Transfers out	—	—	—	—	—	—	(478,231)
Transfers in	—	—	—	—	—	28,885	35,061
Debt proceeds	—	—	—	—	—	—	125,000
Total other financing Sources (uses)	—	—	—	—	—	28,885	(318,170)
Net change in Fund balance	(11,280)	—	—	520	(146,654)	356,554	(658,210)
Fund balances – beginning	856,251	—	57	219,975	425,688	1,050,481	9,030,187
Fund balances – ending	\$ 844,971	\$ —	\$ 57	\$ 220,495	\$ 279,034	\$ 1,407,035	\$ 8,371,977

GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2010

	<u>Agency Funds - Clerk</u>						<u>Agency Funds Sheriff</u>
	<u>Fee Trust</u>	<u>Article V Trust</u>	<u>Registry of Court</u>	<u>Child Support</u>	<u>Jury and Witness</u>	<u>Bonds</u>	<u>Individual Depository</u>
Assets							
Cash and cash equivalents	\$ 23,958	\$ 79,504	\$ 121,203	\$ 378	\$ 2,968	\$ 3,174	\$ 1,000
Accounts receivable (net)	49	472	—	—	—	—	3,030
Due from other funds	<u>110</u>	<u>219</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Assets	<u>24,117</u>	<u>80,195</u>	<u>121,203</u>	<u>378</u>	<u>2,968</u>	<u>3,174</u>	<u>4,030</u>
Liabilities							
Accounts payable	74	1,410	—	—	—	—	—
Due to individuals	3,841	4,000	121,203	—	—	3,174	1,710
Due to other funds	8,613	5,425	—	360	1,501	—	2,320
Due to other governments	<u>11,589</u>	<u>69,360</u>	<u>—</u>	<u>18</u>	<u>1,467</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>\$ 24,117</u>	<u>\$ 80,195</u>	<u>\$ 121,203</u>	<u>\$ 378</u>	<u>\$ 2,968</u>	<u>\$ 3,174</u>	<u>\$ 4,030</u>

**GULF COUNTY, FLORIDA
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2010**

	Agency Funds – Tax Collector				
	Tourist	Hunt/ Fish	Tax	Tag Agency	Totals
Assets					
Cash and cash equivalents	\$ 69	\$ 1,839	\$ 393,945	\$ 9,611	\$ 637,649
Accounts receivable (net)	—	—	—	—	3,551
Due from other funds	—	—	—	—	329
Total Assets	<u>69</u>	<u>1,839</u>	<u>393,945</u>	<u>9,611</u>	<u>641,529</u>
Liabilities					
Accounts payable	—	—	300	—	1,784
Due to individuals	68	—	369,086	—	503,082
Due to other funds	1	1,654	5,929	6,546	32,349
Due to other governments	—	185	18,630	3,065	104,314
Total Liabilities	<u>\$ 69</u>	<u>\$ 1,839</u>	<u>\$ 393,945</u>	<u>\$ 9,611</u>	<u>\$ 641,529</u>

COMPLIANCE SECTION



**ROBERSON &
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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Members of the
Board of County Commissioners
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 31, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 31, 2011 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report to the extent considered necessary by the County, except as repeated under the heading current year findings and recommendations. See also Summary Schedule of Prior Year Audit Findings.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that Gulf County, Florida complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Gulf County, Florida was established by the Constitution of the State of Florida, Article VIII, Section 1(e). The name or official title and legal authority for the primary government and each component unit of the reporting entity are disclosed in note 1 of the notes to financial statements.


Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions(s) met. In connection with our audit, we determined that the Gulf County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for Gulf County, Florida for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556 (7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of Gulf County Florida, the County Commission, management, certain regulatory agencies, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.


Roberson & Associates, P.A.
March 31, 2011


Vance CPA LLC
March 31, 2011



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the
Board of County Commissioners
Gulf County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida as of and for the year ended September 30, 2010, which collectively comprise Gulf County, Florida's basic financial statements and have issued our report thereon dated March 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gulf County, Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gulf County, Florida's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Gulf County, Florida's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Gulf County, Florida's financial statements that is more than inconsequential will not be prevented or detected by Gulf County, Florida's internal control. We consider the following finding to be a significant deficiency in internal control over financial reporting.

10-01 (Prior year 09-02) Inadequate segregation of duties necessary for proper internal control in several offices of Constitutional Officers.

Management's response – Management has considered the above significant deficiency in the County's internal control and believes the cost required to correct it would outweigh the benefits derived from implementing corrective action.

See our summary schedule of current year audit findings.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented by Gulf County, Florida's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and other matters

As part of obtaining reasonable assurance about whether Gulf County, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's responses to auditor's comments are included above and on the attached summary schedule of current year audit finding. We did not audit the responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Gulf County Board of County Commissioners, management, and certain federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Roberson & Associates, P.A.
March 31, 2011



Vance CPA LLC
March 31, 2011



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Honorable Members of the
Board of County Commissioners
Gulf County, Florida

Compliance

We have audited the compliance of Gulf County, Florida with the types of requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the Florida Department of Financial Services' State Projects Compliance Supplement that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010. Gulf County, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of Gulf County, Florida's management. Our responsibility is to express an opinion on Gulf County, Florida's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, State of Florida Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Gulf County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Gulf County, Florida's compliance with those requirements.

In our opinion, Gulf County, Florida, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010.

Internal Control over Compliance

The management of Gulf County, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Gulf County, Florida's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gulf County, Florida's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A significant deficiency is control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Gulf County Board of County Commissioners; management, certain federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Roberson & Associates, P.A.
March 31, 2011



Vance CPA LLC
March 31, 2011

**GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2010**

Federal Awards Program	CFDA #	Contract/Grant Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Forest Service			
Passed through Florida Department of Agriculture/Forestry			
VFA 50/50 Grants	10.664	UNKNOWN	26,677
			<u>26,677</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass through Florida Department of Community Affairs			
Federal Disaster Relief 2009 North Florida Flooding 1000F	97.036	09-SS-E8-02-33-13-507	65,897
State of Florida Homeland Security Grant Program (SHSGP)	97.067	10-DS-39-02-33-01-265	20,158
State of Florida Homeland Security Grant Program (SHSGP)	97.067	09-DS-51-02-33-01-369	1,750
State of Florida Homeland Security Grant Program (SHSGP)	97.067	08-DS-60-02-33-01-326	31,092
State & Local Asst.(SLA) 09-10	97.042	10BG-25-02-42-01-107	23,336
			<u>142,233</u>
U.S. DEPARTMENT OF HOUSING AND URBAN PLANNING			
Pass through Florida Department of Community Affairs			
FFY 2008 Disaster Recovery Program Agreement	14.228	10DB-K4-02-33-01-K15	38,000
			<u>38,000</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, AGENCY FOR CHILDREN AND FAMILIES, OFFICE OF CHILD SUPPORT ENFORCEMENT			
Pass through Florida Department of Revenue			
2009-2010 Child Support Enforcement Title IV-D Service of Process	93.563	CO523	3,023
2009-2010 Child Support Enforcement Title IV-D Services Reimbursement	93.563	CC323	71,783
2007-2008 Child Support Enforcement Title IV-D Incentive Pay	93.563	CC323	127
			<u>74,933</u>
U.S. DEPARTMENT OF JUSTICE			
ARRA - Gulf County Recovery Act JAG Project	16.804	2009-SB-B9-2226	36,497
Pass through Florida Department of Law			
Drug Education and Community Safety - Byrne Memorial Grant	16.738	2010-JAGC-GI;F-1-4X-178	42,000
ARRA - Equipment to Improve Investigation, Prosecutions and Office Safety	16.803	2010-ARRC-GULF-1-W7-287	172,708
			<u>251,205</u>
U S Department of Transportation			
Passed thru FL Dept of Transportation			
ARRA - Local Agency Program - C.R. 30A Widening and Resurfacing	20.205	ARRA-463-B / APK86	273,078
Highway Safety - Gulf County Teen Driver Program	20.600	APQ72	8,144
			<u>281,222</u>
U S Election Assistance Commission			
Passed thru FL Dept of State			
Military and Overseas Empowerment(MOVE) Act Implementation Grant	90.401	Unknown	1,589
			<u>1,589</u>
TOTAL FEDERAL			<u><u>815,859</u></u>

GULF COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2010

State Financial Assistance Projects	CSFA #	Contract/Grant Number	Expenditures
Florida Department of Environmental Protection			
Beach Erosion Control Program			
St. Joseph Peninsula Dune Restoration	37.003	10GU1	1,623
Small County Solid Waste Grant	37.012	SC012	78,787
Florida Recreation Development Assistance Program			
Salinas Park	37.017	A09094	61,983
Honeyville Park	37.017	A09095	25,574
Statewide Surface Water Restoration & Wastewater Project			
Gulf Beaches Sewer Grant	37.039	LP6033 PH3	399,147
Gulf Beaches Sewer Grant	37.039	LP6033 PH2	1,361,827
			<u>1,928,941</u>
Florida Department of Transportation			
County Incentive Grant Program-CIGP IOLA RD	55.008	AQ0086	17,630
County Incentive Grant Program-CIGP OLD BAY CITY RD	55.008	AQ0087	13,548
Gulf County Bike Path JPA	55.023	APW74	45,000
			<u>76,178</u>
Florida Department of Community Affairs			
Emergency Management Programs			
Federal Disaster Relief Hurricane Gustav 0750S	97.036	09-PA-00-02-33-13-507	42,333
Federal Disaster Relief 2009 North Florida Flooding 1000S	97.036	09-SS-E8-02-33-13-507	18,796
Emergency Management Preparedness and Assistance Base Grants	52.008	10BG-25-02-42-01-107	105,524
			<u>166,653</u>
Florida Department of State			
Operating and Equalization State Aid Grants	45.030	10-ST-45	41,648
			<u>41,648</u>
Office of the State Courts Administrator			
Couthouse Facility Appropriation-Repair interior of Courthouse	22.004	Approp. 3333A	32,301
			<u>32,301</u>
Florida Housing Finance Authority			
2008-2009 State Housing Initiative Program	52.901	2008/2009	135,254
2009-2010 State Housing Initiative Program	52.901	2009/2010	39,206
			<u>174,460</u>
TOTAL STATE			<u>2,420,181</u>

**GULF COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2010**

Note 1 – Basis of Accounting

The supplementary schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the County. Expenditures are presented on the modified accrual basis of accounting.

Note 2 – Reporting Entity

For the purpose of the supplementary schedule of expenditures of federal awards and state financial assistance the County includes all the funds of the primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity*.

Note 3 – Pass-Through Awards

The Board received certain federal awards from pass-through awards of the State of Florida. The total amount of such pass-through awards is included on the supplementary schedule of expenditures of federal awards and state financial assistance.

**GULF COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2010**

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unqualified	
Internal control over financial reporting		
Material weakness(es) identified?	____yes	<u>X</u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>X</u> yes	____none reported
Noncompliance material to financial statements noted:	____yes	<u>X</u> no

Federal Awards and State Financial Assistance

Internal control over major programs		
material weakness(es) identified?	____yes	<u>X</u> no
Significant deficiency (ies) identified not considered to be material weaknesses?	____yes	<u>X</u> none Reported
Type of auditor’s report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) or Section 10.557, Rules of the Auditor General?	____yes	<u>X</u> no

Identification of major federal awards/state financial assistance projects:

<u>CFDA/CSFA Number</u>	<u>Name of Federal Award/State Financial Assistance Project</u>
20.205	ARRA-Local Agency Program – C.R.30A Widening and Resurfacing
37.039	Statewide Surface Water Restoration & Wastewater Project
52.008	Emergency Management Preparedness and Assistance Bus Grants

(continued)

GULF COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2010

Dollar threshold used to distinguish
between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? X yes none

Section II – Financial Statement Findings

See Summary Schedule of Current Year Findings

Section III – Findings and Questioned Costs – Major Federal Award Programs

No findings or questioned costs in the current year.

Section IV – Findings and Questioned Costs – Major State Financial Assistance Projects

No findings or questioned costs in the current year.

Section V – Other Issues

No Corrective Action Plan is required because there were no findings required to be reported under the Florida single Audit Act.

**GULF COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
SEPTEMBER 30, 2010**

09-02 Segregation of Duties

Status: See current year findings.

GULF COUNTY, FLORIDA
SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
SEPTEMBER 30, 2010

10-01 Segregation of Duties (Prior Year 09-02)

The following Constitutional Officers were considered to lack proper segregation of duties necessary for proper internal controls: the Sheriff's Office, Supervisor of Elections, Property Appraiser and Tax Collector. Proper segregation of accounting and administrative duties includes the requirement that no single person has (1) the ability to authorize transactions, (2) access to assets, and (3) the ability to record financial transactions. The failure to maintain separation of these functions subjects the County to risk that material misstatements or fraud may occur and not be detected by employees in a timely manner during the performance of their assigned tasks. The limited number of employees within the offices precludes ideal segregation of duties. We recommend that in the absence of the ability to hire additional employees, that alternative procedures, including additional oversight with regard to certain functions, be performed regularly to mitigate the risks caused by this deficiency in internal controls.

Management's response – Budget constraints do not allow for additional personnel. The County has and will continue to implement oversight procedures considered necessary to mitigate the risks associated with the lack of segregation of duties.



Gulf County, Florida Clerk of the Circuit Court

**Special-Purpose
Financial Statements
September 30, 2010**

Roberson & Associates, P.A.
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**GULF COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SEPTEMBER 30, 2010**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Clerk of the Circuit Court as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Clerk. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by the Rules of the State of Florida Office of the Auditor General, and are not intended to be a complete presentation under Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Additionally, the special-purpose financial statements present only the Clerk and are not intended to present fairly the financial position and changes in financial position of Gulf County, Florida, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Clerk, as of September 30, 2010, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2011, on our consideration of the Clerk's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Clerk, management, the Board of County Commissioners and State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Roberson & Associates, PA

Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC

Vance CPA LLC
March 31, 2011

**GULF COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	<u>General Fund</u>	<u>Modernization Trust Fund</u>	<u>Administrative Order 86-12 Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 108,265	\$ 261,397	\$ 149,860	\$ 519,522
Due from other funds	6,973	3,412	—	10,385
Due from other governmental units	14,358	—	—	14,358
Due from Board of County Commissioners	11,456	—	—	11,456
Prepaid Expenditures	<u>238</u>	<u>—</u>	<u>—</u>	<u>238</u>
Total Assets	<u>141,290</u>	<u>264,809</u>	<u>149,860</u>	<u>555,959</u>
Liabilities and fund balances:				
Liabilities				
Accounts payable and and accrued expenses	11,456	35,092	—	46,548
Due to other funds	171	5	—	176
Due to other governmental units	24,021	—	—	24,021
Due to Board of County Commissioners	<u>105,642</u>	<u>—</u>	<u>—</u>	<u>105,642</u>
Total Liabilities	<u>141,290</u>	<u>35,097</u>	<u>—</u>	<u>176,387</u>
Fund balances - Restricted	<u>—</u>	<u>229,712</u>	<u>149,860</u>	<u>379,572</u>
Total Liabilities and Fund Balances	<u>\$ 141,290</u>	<u>\$ 264,809</u>	<u>\$ 149,860</u>	<u>\$ 555,959</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2010

	<u>General Fund</u>	<u>Modernization Trust Fund</u>	<u>Administrative Order 86-12 Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Charges for services	\$ 86,262	\$ 31,384	\$ —	\$ 117,646
Intergovernmental revenue	525,154	—	—	525,154
Fines and forfeitures	—	15,927	—	15,927
Interest and other income	<u>183,777</u>	<u>822</u>	<u>479</u>	<u>185,078</u>
Total revenue	<u>795,193</u>	<u>48,133</u>	<u>479</u>	<u>843,805</u>
Expenditures:				
General government				
Personal services	421,208	—	—	421,208
Operating expenditures	110,370	30,918	—	141,288
Capital outlay	<u>22,561</u>	<u>—</u>	<u>—</u>	<u>22,561</u>
Court-related				
Personal services	405,310	—	—	405,310
Operating expenditures	38,539	27,758	2,380	68,677
Capital outlay	<u>—</u>	<u>12,399</u>	<u>—</u>	<u>12,399</u>
Total expenditures	<u>997,988</u>	<u>71,075</u>	<u>2,380</u>	<u>1,071,443</u>
Excess (deficit) of revenues over (Under) Expenditures	(202,795)	(22,942)	(1,901)	(227,638)
Other financing sources (uses)				
Transfers from Board of County Commissioners	393,757	—	—	393,757
Transfers to Board of County Commissioners	(143,902)	—	—	(143,902)
Remittance to State of Florida	<u>(47,060)</u>	<u>—</u>	<u>—</u>	<u>(47,060)</u>
Total other financing Sources (uses)	<u>202,795</u>	<u>—</u>	<u>—</u>	<u>202,795</u>
Net change in fund balances	—	(22,942)	(1,901)	(24,843)
Fund balances - beginning	<u>—</u>	<u>252,654</u>	<u>151,761</u>	<u>404,415</u>
Fund balance - ending	<u>\$ —</u>	<u>\$ 229,712</u>	<u>\$ 149,860</u>	<u>\$ 379,572</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2010

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Charges for services	\$ 77,350	\$ 81,350	\$ 86,262	\$ 4,912
Intergovernmental revenue	355,001	496,788	525,154	28,366
Fines and forfeitures	—	—	—	—
Interest and other income	113,918	113,918	183,777	69,859
Total revenues	<u>546,269</u>	<u>692,056</u>	<u>795,193</u>	<u>103,137</u>
Expenditures:				
General Government				
Personal services	450,569	441,615	421,208	20,407
Operating expenditures	120,632	127,993	110,370	17,623
Capital outlay	7,321	19,417	22,561	(3,144)
Court-related				
Personal services	327,114	436,155	405,310	30,845
Operating expenditures	27,887	60,633	38,539	22,094
Capital outlay	—	—	—	—
Total expenditures	<u>933,523</u>	<u>1,085,813</u>	<u>997,988</u>	<u>87,825</u>
Excess (deficit) of revenues over (under) expenditures	<u>(387,254)</u>	<u>(393,757)</u>	<u>(202,795)</u>	<u>190,962</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	387,254	393,757	393,757	—
Transfers to Board of County Commissioners	—	—	(143,902)	(143,902)
Remittance to State of Florida	—	—	(47,060)	(47,060)
Total other financing Sources (uses)	<u>387,254</u>	<u>393,757</u>	<u>202,795</u>	<u>(190,962)</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES
BUDGET AND ACTUAL – MODERNIZATION TRUST FUND**

YEAR ENDED SEPTEMBER 30, 2010

	Budget Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget Positive (Negative)
Revenues:				
Charges for services	\$ 30,000	\$ 30,000	\$ 31,384	\$ 1,384
Intergovernmental revenue	12,000	12,000	15,927	3,927
Interest and other income	2,412	2,412	822	(1,590)
Total revenues	<u>44,412</u>	<u>44,412</u>	<u>48,133</u>	<u>3,721</u>
Expenditures:				
General Government				
Operating expenditures	—	—	30,918	(30,918)
Capital outlay	202,362	202,362	—	202,362
Court-related				
Personal services	18,144	18,144	—	18,144
Operating expenditures	—	—	27,758	(27,758)
Capital outlay	76,559	76,559	12,399	64,160
Total expenditures	<u>297,065</u>	<u>297,065</u>	<u>71,075</u>	<u>225,990</u>
Excess (deficit) of revenues over (under) expenditures	<u>(252,653)</u>	<u>(252,653)</u>	<u>(22,942)</u>	<u>229,711</u>
Net change in fund balances	<u>(252,653)</u>	<u>(252,653)</u>	<u>(22,942)</u>	<u>229,711</u>
Fund balances - beginning	<u>252,653</u>	<u>252,653</u>	<u>252,654</u>	<u>1</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 229,712</u></u>	<u><u>\$ 229,712</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES
BUDGET AND ACTUAL – ADMINISTRATIVE ORDER 86-12 FUND**

YEAR ENDED SEPTEMBER 30, 2010

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Interest and other income	\$ 1,000	\$ 1,000	\$ 479	\$ (521)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>479</u>	<u>(521)</u>
Expenditures:				
Court-related				
Operating expenditures	—	—	2,380	(2,380)
Capital outlay	<u>152,761</u>	<u>152,761</u>	<u>—</u>	<u>152,761</u>
Total expenditures	<u>152,761</u>	<u>152,761</u>	<u>2,380</u>	<u>150,381</u>
Excess (deficit) of revenues over (under) expenditures	<u>(151,761)</u>	<u>(151,761)</u>	<u>(1,901)</u>	<u>149,860</u>
Net change in fund balances	<u>(151,761)</u>	<u>(151,761)</u>	<u>(1,901)</u>	<u>149,860</u>
Fund balances - beginning	<u>151,761</u>	<u>151,761</u>	<u>151,761</u>	<u>—</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 149,860</u>	<u>\$ 149,860</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS**

SEPTEMBER 30, 2010

ASSETS

Cash and Cash Equivalents	\$ 231,185
Accounts receivable (net)	521
Due from other funds	<u>329</u>

Total Assets	<u>\$ 232,035</u>
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LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	1,484
Due to individuals	132,218
Due to other governments	82,434
Due to other funds	10,538
Due to Board of County Commissioners	<u>5,361</u>

Total Liabilities	<u>\$ 232,035</u>
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See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Clerk of the Circuit Court of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Clerk is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Clerk is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balance and activity of the Clerk's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Clerk funds operations as a fee officer and a budget officer pursuant to Florida Statutes, Chapters 28, 218 and 129. As a fee officer, the Clerk collects fees and commissions from the County and Circuit Court related matters. As a budget officer, the operations as Clerk to the Board are approved and funded by the Board of County Commissioners. The budgeted receipts from the Board are recorded as other financing sources on the Clerk's financial statements and as other financing uses on the Board's financial statements. Excesses of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Clerk utilizes the following fund types:

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in other funds.

Modernization Trust Fund – The modernization trust fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Administrative Order 86-12 Fund – This fund is used to account for additional court costs of traffic infractions to be used for administering traffic violations.

Fiduciary Fund Type

Agency Funds – The agency funds are used to account for assets held by the Clerk as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of changes in financial position.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Clerk considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

E. Budgets and Budgetary Accounting

Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Clerk. Appropriations lapse at the end of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect all approved amendments.

Florida Statutes Chapter 218.35 governs the preparation, adoption, and administration of the Clerk's annual budget. The Clerk establishes an annual budget for the office which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The Clerk prepares the budget in three parts:

1. The budget relating to the requirements of the Clerk as the Ex Officio Clerk to the Board, County Auditor, County Recorder, and Custodian or Treasurer of all County funds and other county related duties, and for chapter 29 obligations;
2. The budget relating to the Florida court system, which is filed with the Clerk of Courts Operations Corporation (CCOC) by August 15 preceding the fiscal year of the budget, in the format required by the CCOC. Section 28.36, Florida Statutes, defines the maximum annual budget permitted; and
3. The budget for all other operations of the Clerk.

GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The annual budgetary data reported for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Clerk's adopted budget, the original appropriation ordinance, and budget amendments approved by the Clerk or as adopted by the Board.

F. Cash and Cash Equivalents

The Clerk considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

G. Capital Assets

Capital assets purchased in the governmental fund type are recorded as expenditures (capital outlay) at the time of purchase. Assets acquired by the Clerk are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. The Clerk maintains custodial responsibility for the capital assets used by her office.

H. Liability for Compensated Absences

The Clerk accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Clerk does not, nor is legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.

I. Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Clerk. These expenses relating to the Clerk's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Distribution of Excess Revenues

Florida Statutes require that the Clerk distribute any excess of revenues over expenditures within the general fund to the board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as "other financing uses."

K. Restricted Fund Balance

The modernization trust fund restricted balance is set aside for records modernization purposes and the administrative order 86-12 fund restricted balance is set aside for administering traffic violations.

L. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

M. Subsequent Events

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

NOTE 2 - CASH AND INVESTMENTS

Cash Deposits

All Clerk depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Clerk cash consists of checking accounts and interest-bearing time deposits in a local bank.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 2 - CASH AND INVESTMENTS (continued)

Investments

The Clerk held no investments at September 30, 2010.

Interest Rate Risk

At September 30, 2010, the Clerk did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2010 the Clerk did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2010 the Clerk did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2010 the Clerk did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

The Clerk participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 3 – EMPLOYEE BENEFITS (continued)

FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

B. Funding Policy

The funding method and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

	<u>10/1/2009 through 6/30/2010</u>	<u>7/1/2010 through 9/30/2010</u>
Regular employees	9.85%	10.77%
Senior management	13.12%	14.57%
Elected county officials	16.53%	18.64%

Chapter 121 Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2009 through September 30, 2010 the total payroll for all employees was \$690,406 and the retirement contributions for all employees' covered by the System for the year ended September 30, 2010 2009 and 2008 were \$76,008, \$73,107 and \$76,504 respectively, which is equal to the required contribution for each year. Current year contributions represented 11.01% of covered payroll.

GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable at September 30, 2010 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental funds		
General fund	\$ 6,973	\$ 171
Modernization trust fund	3,412	5
Agency funds		
Article V trust	219	1,536
Fee trust	110	7,141
Jury and witness	—	1,501
Child support	—	360
	<u> </u>	<u> </u>
Total	<u>\$ 10,714</u>	<u>\$ 10,714</u>

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

As disclosed in note 1, the liability associated with compensated absences is reported on the county wide financial statement level. The following is a summary of the changes in long-term obligations of the Clerk for the year ended September 30, 2010.

	<u>Balance 9/30/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2010</u>
Accumulated compensated absences	\$ 21,552	\$ —	\$ (18)	\$ 21,534

The current portion of compensated absences liability estimated to be paid during the next year is \$5,384.

NOTE 6 – RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Clerk participates in the risk management program through the Gulf County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 6 – RISK MANAGEMENT (continued)

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

NOTE 7 – ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods and services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year for those that expire at year end. The Clerk had no outstanding encumbrances at September 30, 2010.

COMBINING FINANCIAL STATEMENTS

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS**

SEPTEMBER 30, 2010

	<u>Fee Trust</u>	<u>Article V Trust</u>	<u>Jury & Witness</u>	<u>Registry of Court</u>	<u>Child Support</u>	<u>Bond</u>	<u>Total Agency Funds</u>
Assets:							
Cash and cash equivalents	\$ 23,958	\$ 79,504	\$ 2,968	\$ 121,203	\$ 378	\$ 3,174	\$ 231,185
Accounts receivable (net)	49	472	—	—	—	—	521
Due from other funds	110	219	—	—	—	—	329
Total assets	<u>24,117</u>	<u>80,195</u>	<u>2,968</u>	<u>121,203</u>	<u>378</u>	<u>3,174</u>	<u>232,035</u>
Liabilities & Fund Balances:							
Liabilities:							
Accounts payable	74	1,410	—	—	—	—	1,484
Due to individuals	3,841	4,000	—	121,203	—	3,174	132,218
Due to other governments	11,589	69,360	1,467	—	18	—	82,434
Due to other funds	7,141	1,536	1,501	—	360	—	10,538
Due to Board of County Commissioners	1,472	3,889	—	—	—	—	5,361
Total Liabilities	<u>\$ 24,117</u>	<u>\$ 80,195</u>	<u>\$ 2,968</u>	<u>\$ 121,203</u>	<u>\$ 378</u>	<u>\$ 3,174</u>	<u>\$ 232,035</u>

COMPLIANCE SECTION



**ROBERSON &
ASSOCIATES, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

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Certified Public Accountant

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, Clerk of the Circuit Court as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 31, 2011.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 31, 2011 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk of the Circuit Court complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Clerk of the Circuit Court was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Clerk of the Circuit Court has no component units.

Sections 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Court complied with Section 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the Clerk of the Circuit Court, management, the Florida Auditor General, and the Board of County Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

Roberson + Associate PA

Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC
Vance CPA LLC
March 31, 2011



**ROBERSON &
ASSOCIATES, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Rebecca L. Norris
Gulf County Clerk of the Circuit Court
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Clerk of the Circuit Court as of and for the year ended September 30, 2010, and have issued our report thereon dated March 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report on the financial statements included a paragraph explaining that the Clerk of the Circuit Court is an integral part of Gulf County, the primary government for financial reporting purposes.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the Clerk's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Clerk of the Circuit Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Clerk of the Circuit Court, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies entities and is not intended to be and should not be used by anyone other than these specified parties.



Roberson & Associates, P.A.
March 31, 2011



Vance CPA LLC
March 31, 2011



Gulf County, Florida Sheriff

**Special-Purpose
Financial Statements
September 30, 2010**

**Roberson & Associates, P.A.
Certified Public Accountants
214 Seventh Street
Port St. Joe, Florida 32456
Phone (850)277-3838 Fax (850)-277-2506**

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**GULF COUNTY SHERIFF
SEPTEMBER 30, 2010**

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**ROBERSON &
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INDEPENDENT AUDITORS' REPORT

To the Honorable Joe Nugent
Gulf County Sheriff
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Sheriff as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Sheriff. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by the Rules of the State of Florida Office of the Auditor General, and are not intended to be a complete presentation under Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Additionally, the special-purpose financial statements present only the Sheriff and are not intended to present fairly the financial position and changes in financial position of Gulf County, Florida, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Sheriff, as of September 30, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2011, on our consideration of the Sheriff's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Sheriff, management, the Board of County Commissioners and State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



Roberson & Associates, P.A.
March 31, 2011



Vance CPA LLC
March 31, 2011

**GULF COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 40,268	\$ 10,568	\$ 50,836
Accounts receivable (net)	278	—	278
Due from Board of County Commissioners	11,901	—	11,901
Total Assets	<u>52,447</u>	<u>10,568</u>	<u>63,015</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued expenses	52,069	—	52,069
Due to Board of County Commissioners	378	—	378
Total Liabilities	<u>52,447</u>	<u>—</u>	<u>52,447</u>
Fund Balances	<u>—</u>	<u>10,568</u>	<u>10,568</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 52,447</u>	<u>\$ 10,568</u>	<u>\$ 63,015</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Charges for services	\$ 173,020	\$ —	\$ 173,020
Intergovernmental revenue	255,544	—	255,544
Fines and forfeitures	7,577	—	7,577
Interest and other miscellaneous income	13,501	5,572	19,073
Total Revenues	<u>449,642</u>	<u>5,572</u>	<u>455,214</u>
EXPENDITURES			
Public Safety			
Personal services	2,037,449	—	2,037,449
Operating expenditures	357,271	7,081	364,352
Capital outlay	230,097	—	230,097
Debt Service	25,030	—	25,030
Total Expenditures	<u>2,649,847</u>	<u>7,081</u>	<u>2,656,928</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,200,205)</u>	<u>(1,509)</u>	<u>(2,201,714)</u>
Other financing sources (uses)			
Transfers from Board of County Commissioners	2,206,601	—	2,206,601
Transfers in from other funds	158	6,176	6,334
Transfers to Board of County Commissioners	(378)	—	(378)
Transfers out to other funds	(6,176)	(158)	(6,334)
Total Other Financing Sources (Uses)	<u>2,200,205</u>	<u>6,018</u>	<u>2,206,223</u>
Net change in fund balances	—	4,509	4,509
Fund balances - beginning	<u>—</u>	<u>6,059</u>	<u>6,059</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ 10,568</u>	<u>\$ 10,568</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2010

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
Revenues:				
Charges for services	\$ 196,672	\$ 173,020	\$ 173,020	\$ —
Intergovernmental revenue	—	255,544	255,544	—
Fines and forfeitures	—	7,577	7,577	—
Interest and other income	—	13,501	13,501	—
Total revenues	<u>196,672</u>	<u>449,642</u>	<u>449,642</u>	<u>—</u>
Expenditures:				
Public Safety				
Personal services	1,917,836	1,844,070	2,037,449	(193,379)
Operating expenditures	475,623	562,117	357,271	204,846
Capital outlay	23,500	209,205	230,097	(20,892)
Debt service	—	37,854	25,030	12,824
Total expenditures	<u>2,416,959</u>	<u>2,653,246</u>	<u>2,649,847</u>	<u>3,399</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,220,287)</u>	<u>(2,203,604)</u>	<u>(2,200,205)</u>	<u>(3,399)</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	2,220,287	2,209,622	2,206,601	(3,021)
Transfers in from other funds	—	158	158	—
Transfers to Board of County Commissioners	—	—	(378)	(378)
Transfers out to other funds	—	(6,176)	(6,176)	—
Total other financing Sources (uses)	<u>2,220,287</u>	<u>2,203,604</u>	<u>2,200,205</u>	<u>(3,399)</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND**

SEPTEMBER 30, 2010

	<u>Individual Depository</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,000
Accounts receivable (net)	<u>3,030</u>
Total Assets	<u>\$ 4,030</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to individuals	1,710
Due to Board of County Commissioners	<u>2,320</u>
Total Liabilities	<u>\$ 4,030</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Sheriff of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Sheriff is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Sheriff is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county wide financial statements.

These special-purpose financial statements include only the balances and activity of the Sheriff's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Gulf County Board of County Commissioners (Board) funds a portion or, in certain instances, all of the operating budgets of the County's Constitutional Officers except obligations specified under Florida Statutes Chapter 29. The payments by the Board to fund the operations of the Constitutional Officers are recorded as transfers out on the financial statements of the Board and as transfers from the Board on the financial statements of the Constitutional Officers. Repayments to the Board are recorded as transfers out on the financial statements of the Constitutional Officers and as transfers in on the financial statements of the Board.

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Sheriff utilizes the following fund types:

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports the following special revenue funds in the financial statements under the title “Other Governmental Funds.”

2.50 Fund - Used to account for the activities of employee contributions.

Forfeiture Fund - Used to account for revenues and expenditures relating to various forfeitures.

Tow and Impound Fund – Used to account for impound fee revenue and wrecker fee expenditures relating to impounded vehicles.

Fiduciary Fund Type

Agency Funds – The agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Sheriff considers receivables collected within 60 days after year end to be available and susceptible to accrual as revenues in the current year. Charges for services and interest are susceptible to accrual.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

E. Budgets and Budgetary Accounting

Florida Statutes Chapter 30.49 governs the preparation, adoption, and administration of the Sheriff’s annual budget. Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Sheriff. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The annual budgetary data reported for governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America and represent the Sheriff’s adopted budget, the original appropriation ordinance, and budget amendments approved by the Sheriff or as adopted by the Board.

F. Cash and Cash Equivalents

The Sheriff considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

G. Capital Assets

The Sheriff is accountable for maintaining capital asset records pertaining to machinery and equipment used in his operations. The Board holds legal title for real property used by the Sheriff and is therefore accountable for such assets under Florida Law.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets purchased in the governmental fund types are recorded as expenditures (capital outlay) at the time of purchase. Assets acquired by the Sheriff are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. Donated and confiscated capital assets are recorded in the County's statement of net assets at fair value at the date of receipt. Capital assets are depreciated using the straight-line method of depreciation over the estimated useful lives of the assets, which is generally 5 to 7 years. Depreciation expense is recorded in the statement of activities in the government-wide financial statements of the County.

H. Liability for Compensated Absences

The Sheriff accrues a liability for employees' rights to receive a compensation for future absences when certain conditions are met. The Sheriff does not, nor is he legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly the liability for the compensated absences is not reported in the governmental funds. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.

I. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make use of estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

J. Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Sheriff. These expenses relating to the Sheriff's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Subsequent Events

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

NOTE 2 - CASH AND INVESTMENTS

All Sheriff depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Sheriff cash consists of checking accounts and interest-bearing time deposits in a local bank.

The Sheriff held no investments at September 30, 2010.

Interest Rate Risk

At September 30, the Sheriff did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, the Sheriff did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, the Sheriff did not hold any deposits or investment that was considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2010, the Sheriff did not hold any investments that were considered to be a concentration of credit risk.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 3 - CAPITAL ASSETS

The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office. These special-purpose financial statements do not include capital assets and the related depreciation in the governmental fund financial statements. The following information is reported as a component of the County's government-wide financial statements.

	<u>Balance</u> <u>9/30/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2010</u>
Vehicles, equipment and furniture \$	969,425	\$ 230,097	\$ (75,527)	\$ 1,123,995
Accumulated depreciation	<u>(643,242)</u>	<u>(140,109)</u>	<u>83,950</u>	<u>(699,401)</u>
Total	<u>\$ 326,183</u>	<u>\$ 89,988</u>	<u>\$ 8,423</u>	<u>\$ 424,594</u>

Depreciation expense for the year ended September 30, 2010 was \$140,109 computed on the straight-line method over the estimated useful lives of the assets, which is generally 3 to 7 years.

NOTE 4 – EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

In accordance with Florida Law, the Sheriff participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

**GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 4 – EMPLOYEE BENEFITS (continued)

The System provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

B. Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

	<u>10/1/2009 through 6/30/2010</u>	<u>7/1/2010 through 9/30/2010</u>
Regular employees	9.85%	10.77%
Elected County officials	16.53%	18.64%
Special risk employees	20.92%	23.25%
DROP plan participants	10.91%	12.25%

For the period October 1, 2009 through September 30, 2010, the total payroll for all covered employees as \$1,541,564 and the retirement contributions for all employees covered by FRS for the years ended September 30, 2010, 2009, and 2008 were \$277,917, \$251,915, and \$247,553 respectively, which is equal to the required contributions for each year. For 2010 these contributions represented 18% of covered payroll.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS

<u>Installment contract</u>	<u>Balance 9/30/2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2010</u>
Installment purchase agreement for vehicle, payable in monthly installments of \$1,629 including interest at 7% maturing in October 2009.	\$ 1,619	\$ —	\$ (1,619)	\$ —
Installment purchase agreement for vehicle, payable in monthly installments of \$2,275 including interest at 8% maturing in August 2010.	<u>24,047</u>	<u>—</u>	<u>(24,047)</u>	<u>—</u>
Total installment contracts	25,666	—	(25,666)	—
Accrued compensated absences	<u>165,961</u>	<u>—</u>	<u>(36,585)</u>	<u>129,376</u>
Total long-term debt	<u>\$ 191,627</u>	<u>\$ —</u>	<u>\$ (62,251)</u>	<u>\$ 129,376</u>

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensated time. See note 1 for a summary of the Sheriff's policy regarding compensated absences.

NOTE 6 – INTERLOCAL AGREEMENTS

The Sheriff has an interlocal agreement with the City of Wewahitchka, whereby personnel from the Gulf County Sheriff's office provide law enforcement services to the City of Wewahitchka. As consideration the Board of County Commission receives payments of \$31,200 annually from the City which is used by the Board to fund the Sheriff's annual budget.

The Gulf County Sheriff has a service agreement with the City of Port St. Joe Police Department, whereby the Gulf County Sheriff provides all dispatching services required within the City of Port St. Joe. The City of Port St. Joe pays the Gulf County Sheriff the sum of \$16,380 per quarter, in consideration of these services. The Sheriff received \$65,520 for the year ended September 30, 2010.

GULF COUNTY, FLORIDA - SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 6 – INTERLOCAL AGREEMENTS (continued)

The Sheriff has an interlocal agreement with the Gulf County School Board (District), whereby the Sheriff provides School Resource Officers to the district. As consideration the Sheriff receives payments of \$26,250 per quarter from the District. The Sheriff received \$107,500 for the year ended September 30, 2010.

NOTE 7 – RISK MANAGEMENT

The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs include; general liability, public employees blanket bond, automobiles and money and securities coverage.

The Sheriff provides for workers' compensation coverage under a retrospectively rated commercial insurance policy through the Board. Premiums are accrued based on the ultimate cost to – date of the Sheriff's experience for this type of risk.

The Sheriff has determined that it was not economically justifiable to carry comprehensive coverage on all vehicles. The Sheriff evaluates vehicles by age and condition to determine if comprehensive coverage is feasible, otherwise the Sheriff carries liability insurance on the aforementioned vehicles.

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,500,000 for professional liability and \$3,500,000 for public officials' coverage.

COMBINING FINANCIAL STATEMENTS

**GULF COUNTY, FLORIDA - SHERIFF
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

SEPTEMBER 30, 2010

- **2.50 FUND** – Used to account for the activities related to funds received from employees.
- **FORFEITURE FUND** – Used to account for revenues and expenditures relating to various forfeitures.
- **TOW AND IMPOUND FUND** – Used to account for impound fee revenue and wrecker fee expenditures relating to impounded vehicles.

**GULF COUNTY, FLORIDA - SHERIFF
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS –
SPECIAL REVENUE FUNDS**

SEPTEMBER 30, 2010

	<u>2.50 Fund</u>	<u>Forfeiture Fund</u>	<u>Tow and Impound Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 4,140	\$ 6,428	\$ —	\$ 10,568
Total Assets	<u>4,140</u>	<u>6,428</u>	<u>—</u>	<u>10,568</u>
Liabilities and Fund Balances				
Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - Restricted	<u>4,140</u>	<u>6,428</u>	<u>—</u>	<u>10,568</u>
Total Liabilities and Fund Balances	<u>\$ 4,140</u>	<u>\$ 6,428</u>	<u>\$ —</u>	<u>\$ 10,568</u>

**GULF COUNTY, FLORIDA - SHERIFF
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN RESTRICTED FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**

YEAR ENDED SEPTEMBER 30, 2010

	<u>2.50 Fund</u>	<u>Forfeiture Fund</u>	<u>Tow and Impound Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
Miscellaneous	\$ <u>3,851</u>	\$ <u>1,721</u>	\$ <u>—</u>	\$ <u>5,572</u>
Total Revenues	<u>3,851</u>	<u>1,721</u>	<u>—</u>	<u>5,572</u>
Expenditures				
Public safety				
Operating expenditures	<u>1,581</u>	<u>5,500</u>	<u>—</u>	<u>7,081</u>
Total Expenditures	<u>1,581</u>	<u>5,500</u>	<u>—</u>	<u>7,081</u>
Excess (deficit) of revenues over (under) expenditures	<u>2,270</u>	<u>(3,779)</u>	<u>—</u>	<u>(1,509)</u>
Other financing sources (uses)				
Transfers in from other funds	<u>—</u>	<u>6,176</u>	<u>—</u>	<u>6,176</u>
Transfers out to other funds	<u>—</u>	<u>—</u>	<u>(158)</u>	<u>(158)</u>
Total Other financing sources (uses)	<u>—</u>	<u>6,176</u>	<u>(158)</u>	<u>6,018</u>
Net change in fund balances	2,270	2,397	(158)	4,509
Fund balances - beginning	<u>1,870</u>	<u>4,031</u>	<u>158</u>	<u>6,059</u>
Fund balances - ending	<u>\$ 4,140</u>	<u>\$ 6,428</u>	<u>\$ —</u>	<u>\$ 10,568</u>

COMPLIANCE SECTION



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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Joe Nugent
Gulf County Sheriff
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, Sheriff as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 31, 2011.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 31, 2011 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Sheriff complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Sheriff has no component units.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the Sheriff, management, the Florida Auditor General, and the Board of County Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

Roberson & Associates, PA

Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC

Vance CPA LLC
March 31, 2011



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Joe Nugent
Gulf County Sheriff
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Sheriff as of and for the year ended September 30, 2010, and have issued our report thereon dated March 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report on the financial statements included a paragraph explaining that the Sheriff is an integral part of Gulf County, the primary government for financial reporting purposes.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described below, that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet

important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Sheriff's financial statements will not be prevented, or detected and corrected on a timely basis.

We have identified the following significant deficiency in internal control which is also considered to be a material weakness.

10-01 (Prior year 09-01) Lack of segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Sheriff's office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to mitigate the risks caused by lack of segregation of duties.

Management's response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish more effective internal procedures.

The Sheriff's responses to the findings identified in our audit are included above. We did not audit the Sheriff's response and, accordingly, we express no opinion on it.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Sheriff, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Roberson & Associates, P.A.
March 31, 2011



Vance CPA LLC
March 31, 2011



Gulf County, Florida Tax Collector

**Special-Purpose
Financial Statements
September 30, 2010**

Roberson & Associates, P.A.
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**GULF COUNTY, FLORIDA
TAX COLLECTOR
SEPTEMBER 30, 2010**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Shirley J. Jenkins
Gulf County Tax Collector
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Tax Collector as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Tax Collector. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by the Rules of the State of Florida Office of the Auditor General, and are not intended to be a complete presentation under Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Additionally, the special-purpose financial statements present only the Tax Collector and are not intended to present fairly the financial position and changes in financial position of Gulf County, Florida, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Tax Collector, as of September 30, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2011, on our consideration of the Tax Collector's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Tax Collector, management, the Board of County Commissioners and State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Roberson + Associates, PA

Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC

Vance CPA LLC
March 31, 2011

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 834</u>
Total Assets	<u>834</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Deferred Revenue	649
Due to Board of County Commissioners	<u>185</u>
Total Liabilities	<u>834</u>
Fund Balances	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 834</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2010

	<u>General Fund</u>
REVENUES	
Total Revenues	<u>\$ —</u>
EXPENDITURES	
General government	
Personal services	347,384
Operating expenditures	<u>74,159</u>
Total Expenditures	<u>421,543</u>
Excess (deficit) of revenues over (under) expenditures	<u>(421,543)</u>
Other financing sources (uses)	
Transfers from Board of County Commissioners	<u>421,543</u>
Total Other Financing Sources (Uses)	<u>421,543</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2010

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Total revenues	\$ —	\$ —	\$ —	\$ —
Expenditures:				
General Government				
Personal services	346,918	346,918	347,384	(466)
Operating expenditures	<u>56,511</u>	<u>87,322</u>	<u>74,159</u>	<u>13,163</u>
Total expenditures	<u>403,429</u>	<u>434,240</u>	<u>421,543</u>	<u>12,697</u>
Excess (deficit) of revenues over (under) expenditures	<u>(403,429)</u>	<u>(434,240)</u>	<u>(421,543)</u>	<u>12,697</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	<u>403,429</u>	<u>434,240</u>	<u>421,543</u>	<u>(12,697)</u>
Total other financing Sources (uses)	<u>403,429</u>	<u>434,240</u>	<u>421,543</u>	<u>(12,697)</u>
Net change in fund balances	—	—	—	—
Fund balances - beginning	—	—	—	—
Fund balances - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
TAX COLLECTOR**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND**

SEPTEMBER 30, 2010

ASSETS

Cash and Cash Equivalents	<u>\$ 405,464</u>
Total Assets	<u>\$ 405,464</u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	300
Due to individuals	369,154
Due to other governments	21,880
Due to Board of County Commissioners	<u>14,130</u>
Total Liabilities	<u>\$ 405,464</u>

See accompanying notes to the basic financial statements

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Tax Collector of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Tax Collector is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Tax Collector is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balance and activity of the Tax Collector's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Tax Collector are funded by the Gulf County Board of County Commissioners (Board). The receipts from the Board are recorded as other financing sources on the Tax Collector's financial statements and as other financing uses on the Board's financial statements. Any excess of revenue and other financial sources received over expenditures are remitted to the Board at year end. These excess fees are reported as a liability and as transfers out to the Board or deducted from fees earned for amounts distributed to other governments.

The accounting policies of the Tax Collector conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Tax Collector utilizes the following fund types:

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Tax Collector. It is used to account for all financial resources, except for those required to be accounted for in other funds.

Fiduciary Fund Type

Agency Funds – The agency funds are used to account for assets held by the Tax Collector as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Tax Collector considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Requirements

Florida Statutes, Chapter 195.087 govern the preparation, adoption and administration of the annual budget of the Tax Collector. The budget and subsequent budget amendments of the Tax Collector are submitted to the Florida Department of Revenue (FDOR) for approval. A copy of the budget is also provided to the Board.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenditures, capital outlay, and debt service) must be approved by FDOR. Transfers between expenditure items within the same appropriation category do not need approval by FDOR. The budget is prepared on the modified accrual basis of accounting. General fund appropriations lapse at the end of the fiscal year to the extent they have not been expended.

F. Capital Assets

Capital assets purchased in the governmental fund type in excess of \$1,000 are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. The Tax Collector maintains custodial responsibility for the capital assets used by the office.

The Tax Collector also utilizes certain computer equipment and software for vehicle and boat registrations and driver's license processing which belong to the State of Florida Department of Highway Safety and Motor Vehicles (DMV) and software licensed to the State of Florida Fish and Wildlife Conservation Commission (FFWCC). The cost of this equipment is not recognized in the statement of net assets of the County because ownership of the equipment and software is maintained by the DMV and FFWCC.

G. Liability for Compensated Absences

The Tax Collector accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Tax Collector does not, nor is legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Tax Collector. These expenses relating to the Tax Collector's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

I. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Chapter 197, Florida Statutes, governs property tax collections.

■ **Current Taxes**

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

■ **Unpaid Taxes – Sale of Tax Certificates**

The Tax Collector advertises, as required by Florida Statutes, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

■ **Tax Deeds**

The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Tax Collector of the Court administers these sales.

J. Subsequent Events

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

NOTE 2 - CASH AND INVESTMENTS

All Tax Collector depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Tax Collector cash consists of checking accounts and interest-bearing time deposits in a local bank.

Investments

The Tax Collector held no investments at September 30, 2010.

Interest Rate Risk

At September 30, 2010, the Tax Collector did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2010 the Tax Collector did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2010 the Tax Collector did not hold any deposits or investments that were considered to be a custodial risk.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 2 - CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

At September 30, 2010 the Tax Collector did not hold any deposits or investments that were considered to be a credit risk.

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

The Tax Collector participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

The System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. The System also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

B. Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 3 – EMPLOYEE BENEFITS (continued)

	<u>10/1/2009 through 6/30/2010</u>	<u>7/1/2010 through 9/30/2010</u>
Regular employees	9.85%	10.77%
Senior management	13.12%	14.57%
Elected county officials	16.53%	18.64%
Deferred Retirement Option Program (DROP)	10.91%	12.25%

Chapter 121 Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2009 through September 30, 2010 the total payroll for all employees was \$283,854 and the retirement contributions for all employees' covered by the System for the years ended September 30, 2010, 2009 and 2008 were \$35,053, \$34,529 and \$33,818 respectively, which is equal to the required contributions. These contributions represented 12.35% of covered payroll for the current year.

NOTE 4 – CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations of the Tax Collector for the year ended September 30, 2010:

	<u>Balance 9/30/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2010</u>
Accumulated compensated absences	\$ 19,257	\$ —	\$ (4,404)	\$ 14,853

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See note 1 for a summary of the Tax Collector's policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

The portion of compensated absences liability estimated to be paid during the next year (current portion) is \$8,929.

GULF COUNTY, FLORIDA - TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 5 – RISK MANAGEMENT

The Tax Collector is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Tax Collector participates in the risk management program through the Gulf County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

COMBINING FINANCIAL STATEMENTS

**GULF COUNTY, FLORIDA - TAX COLLECTOR
COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS**

SEPTEMBER 30, 2010

	<u>Taxes</u>	<u>Tag</u>	<u>Hunting & Fishing</u>	<u>Tourist Development</u>	<u>Total Agency Funds</u>
Assets:					
Cash and cash equivalents	\$ 393,945	\$ 9,611	\$ 1,839	\$ 69	\$ 405,464
Total assets	<u>393,945</u>	<u>9,611</u>	<u>1,839</u>	<u>69</u>	<u>405,464</u>
Liabilities & Fund Balances:					
Liabilities:					
Accounts payable	300	—	—	—	300
Due to individuals	369,086	—	—	68	369,154
Due to other governments	18,630	3,065	185	—	21,880
Due to Board of County Commissioners	<u>5,929</u>	<u>6,546</u>	<u>1,654</u>	<u>1</u>	<u>14,130</u>
Total Liabilities	<u>\$ 393,945</u>	<u>\$ 9,611</u>	<u>\$ 1,839</u>	<u>\$ 69</u>	<u>\$ 405,464</u>

COMPLIANCE SECTION



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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Shirley J. Jenkins
Gulf County Tax Collector
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, Tax Collector as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 31, 2011.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 31, 2011 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Tax Collector complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Tax Collector has no component units.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Tax Collector, management, the Florida Auditor General, and the Board of County Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

Roberson + Associates, PA

Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC

Vance CPA LLC
March 31, 2011



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Shirley J. Jenkins
Gulf County Tax Collector
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Tax Collector as of and for the year ended September 30, 2010, and have issued our report thereon dated March 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report on the financial statements included a paragraph explaining that the Tax Collector is an integral part of Gulf County, the primary government for financial reporting purposes.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tax Collector's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We identified certain deficiencies in internal control over financial reporting, described below, that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the Tax Collector's financial statements will not be prevented, or detected and corrected on a timely basis.

We have identified the following significant deficiencies in internal control which are also considered to be material weaknesses.

10-01 (Prior year 09-01) Lack of segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Tax Collector's office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties.

Management's response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal procedures.

The Tax Collector's response to the finding identified in our audit is included above. We did not audit the Tax Collector's response and, accordingly, we express no opinion on them.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Tax Collector's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Tax Collector, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Roberson + Associates, PA

Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC

Vance CPA LLC
March 31, 2011



**Gulf County, Florida
Property Appraiser**

**Special-Purpose
Financial Statements
September 30, 2010**

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**GULF COUNTY, FLORIDA
PROPERTY APPRAISER
SEPTEMBER 30, 2010**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Kesley Colbert
Gulf County Property Appraiser
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Property Appraiser as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Property Appraiser. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by the Rules of the State of Florida Office of the Auditor General, and are not intended to be a complete presentation under Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Additionally, the special-purpose financial statements present only the Property Appraiser and are not intended to present fairly the financial position and changes in financial position of Gulf County, Florida, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Property Appraiser, as of September 30, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2011, on our consideration of the Property Appraiser's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Property Appraiser, management, the Board of County Commissioners and State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Roberson & Associates, PA
Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC
Vance CPA LLC
March 31, 2011

**GULF COUNTY, FLORIDA
PROPERTY APPRAISER**

**SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 41,250
Accounts receivable (net)	<u>771</u>
Total Assets	<u>42,021</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to Board of County Commissioners	<u>42,021</u>
Total Liabilities	<u>42,021</u>
Fund Balances	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 42,021</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
PROPERTY APPRAISER**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2010

	<u>General Fund</u>
REVENUES	
Interest and other income	\$ 131
Total Revenues	<u>131</u>
EXPENDITURES	
General government	
Personal services	288,122
Operating expenditures	<u>68,926</u>
Total Expenditures	<u>357,048</u>
Excess (deficit) of revenues over (under) expenditures	<u>(356,917)</u>
Other financing sources (uses)	
Transfers from Board of County Commissioners	398,938
Transfers to Board of County Commissioners	<u>(42,021)</u>
Total Other Financing Sources (Uses)	<u>356,917</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
PROPERTY APPRAISER**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2010

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Interest and other income	\$ —	\$ —	\$ 131	\$ 131
Total revenues	<u>—</u>	<u>—</u>	<u>131</u>	<u>131</u>
Expenditures:				
General Government				
Personal services	326,902	322,285	288,122	34,163
Operating expenditures	76,653	76,653	68,926	7,727
Capital outlay	<u>12,500</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>416,055</u>	<u>398,938</u>	<u>357,048</u>	<u>41,890</u>
Excess (deficit) of revenues over (under) expenditures	<u>(416,055)</u>	<u>(398,938)</u>	<u>(356,917)</u>	<u>42,021</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	416,055	398,938	398,938	—
Transfers to Board of County Commissioners	<u>—</u>	<u>—</u>	<u>(42,021)</u>	<u>(42,021)</u>
Total other financing Sources (uses)	<u>416,055</u>	<u>398,938</u>	<u>356,917</u>	<u>(42,021)</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Property Appraiser of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Property Appraiser is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Property Appraiser is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balances and activity of the Property Appraiser's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Property Appraiser are funded by the Gulf County Board of County Commissioners (Board). The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financial sources received over expenditures are remitted to the Board at year end.

The accounting policies of the Property Appraiser conform to accounting principles generally accepted in the United States of America, as applicable to governments.

B. Basis of Presentation – Fund Accounting

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Property Appraiser utilizes the following fund types:

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

General Fund – The general fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for in other funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Property Appraiser considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

E. Budgetary Requirements

Florida Statutes, Chapter 195.087 govern the preparation, adoption and administration of the annual budget of the Property Appraiser. The budget and subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue (FDOR) for approval. A copy of the budget is also provided to the Board.

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenditures, capital outlay, and debt service) must be approved by FDOR. Transfers between expenditure items within the same appropriation category do not need approval by FDOR. The budget is prepared on the modified accrual basis of accounting. General fund appropriations lapse at the end of the fiscal year to the extent they have not been expended.

F. Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Property Appraiser are capitalized at cost in the capital asset accounts of the County. The Property Appraiser maintains custodial responsibility for the capital assets used by his office.

G. Liability for Compensated Absences

Permanent full-time employees of the Property Appraiser accrue sick leave based upon pay periods worked and earned vacation time related to length of employment with the Property Appraiser's office. The vacation and sick time must be taken during the year earned and no payment for vacation or sick leave is made at termination.

H. Related Organizations – Common Expenses

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Tax Collector. These expenses relating to the Property Appraiser's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

I. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Subsequent Events

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

NOTE 2 - CASH AND INVESTMENTS

All Property Appraiser depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Property Appraiser cash consists of checking accounts and interest-bearing time deposits in a local bank.

Investments

The Property Appraiser held no investments at September 30, 2010.

Interest Rate Risk

At September 30, 2010, the Property Appraiser did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2010 the Property Appraiser did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2010 the Property Appraiser did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2010 the Property Appraiser did not hold any deposits or investments that were considered to be a credit risk.

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 3 – EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

The Property Appraiser participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

The System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. The System also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

B. Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

	<u>10/1/2009 through 6/30/2010</u>	<u>7/1/2010 through 9/30/2010</u>
Regular employees	9.85%	10.77%
Senior management	13.12%	14.57%
Elected county officials	16.53%	18.64%

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 3 – EMPLOYEE BENEFITS (continued)

Chapter 121 Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2009 through September 30, 2010 the total payroll for all employees was \$236,711 and the retirement contributions for all employees' coverage by FRS for the years ended September 30, 2010, 2009 and 2008 were \$31,010, \$27,730 and \$28,267 respectively, which is equal to the required contributions. These contributions represented 13.1% of covered payroll for the current year.

NOTE 4 –RISK MANAGEMENT

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Property Appraiser participates in the risk management program through the Gulf County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

COMPLIANCE SECTION



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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Kesley Colbert
Gulf County Property Appraiser
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, Property Appraiser as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 31, 2011.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 31, 2011 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser has no component units.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the Property Appraiser, management, the Florida Auditor General, and the Board of County Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

Roberson & Associates, PA

Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC

Vance CPA LLC
March 31, 2011



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Kesley Colbert
Gulf County Property Appraiser
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Property Appraiser as of and for the year ended September 30, 2010, and have issued our report thereon dated March 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report on the financial statements included a paragraph explaining that the Property Appraiser is an integral part of Gulf County, the primary government for financial reporting purposes.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Property Appraiser's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We identified a certain deficiency in internal control over financial reporting, described below, that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the Property Appraiser's financial statements will not be prevented, or detected and corrected on a timely basis.

We have identified the following significant deficiency in internal control which is also considered to be a material weakness.

10-01 (Prior year 09-01) Lack of segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Property Appraiser's office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties.

Management's response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal procedures.

The Property Appraiser's response to the finding identified in our audit is included above. We did not audit the Property Appraiser's response and, accordingly, we express no opinion on them.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Property Appraiser's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Property Appraiser, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Roberson + Associates, PA

Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC

Vance CPA LLC
March 31, 2011



**Gulf County, Florida
Supervisor of Elections**

**Special-Purpose
Financial Statements
September 30, 2010**

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**GULF COUNTY SUPERVISOR OF ELECTIONS
SEPTEMBER 30, 2010**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Linda Griffin
Gulf County Supervisor of Elections
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Supervisor of Elections as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Supervisor of Elections. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting practices specified by the Rules of the State of Florida Office of the Auditor General, and are not intended to be a complete presentation under Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Additionally, the special-purpose financial statements present only the Supervisor of Elections and are not intended to present fairly the financial position and changes in financial position of Gulf County, Florida, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Supervisor of Elections, as of September 30, 2010, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2011, on our consideration of the Supervisor of Election's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Supervisor of Elections, management, the Board of County Commissioners and State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Roberson + Associates, PA

Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC

Vance CPA LLC
March 31, 2011

**GULF COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2010**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 28,447</u>
Total Assets	<u>28,447</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Deferred Revenue	2,522
Due to Board of County Commissioners	<u>25,925</u>
Total Liabilities	<u>28,447</u>
Fund Balances	<u>—</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28,447</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2010

	<u>General Fund</u>
REVENUES	
Intergovernmental revenue	\$ 1,589
Total Revenues	<u>1,589</u>
EXPENDITURES	
General government	
Personal services	170,012
Operating expenditures	<u>52,166</u>
Total Expenditures	<u>222,178</u>
Excess (deficit) of revenues over (under) expenditures	<u>(220,589)</u>
Other financing sources (uses)	
Transfers from Board of County Commissioners	244,300
Transfers to Board of County Commissioners	<u>(23,711)</u>
Total Other Financing Sources (Uses)	<u>220,589</u>
Net change in fund balances	<u>—</u>
Fund balances - beginning	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2010

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental revenue	\$ —	\$ —	\$ 1,589	\$ 1,589
Total revenues	<u>—</u>	<u>—</u>	<u>1,589</u>	<u>1,589</u>
Expenditures:				
General government				
Personal services	165,933	165,933	170,012	(4,079)
Operating expenditures	77,467	77,467	52,166	25,301
Capital outlay	<u>10,000</u>	<u>233</u>	<u>—</u>	<u>233</u>
Total expenditures	<u>253,400</u>	<u>243,633</u>	<u>222,178</u>	<u>21,455</u>
Excess (deficit) of revenues over (under) expenditures	<u>(253,400)</u>	<u>(243,633)</u>	<u>(220,589)</u>	<u>23,044</u>
Other financing sources (uses)				
Transfers from Board of County Commissioners	253,400	243,633	244,300	667
Transfers to Board of County Commissioners	<u>—</u>	<u>—</u>	<u>(23,711)</u>	<u>(23,711)</u>
Total other financing Sources (uses)	<u>253,400</u>	<u>243,633</u>	<u>220,589</u>	<u>(23,044)</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Supervisor of Elections of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Supervisor of Elections is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Supervisor of Elections is considered to be a part of the primary government of Gulf County, Florida and her financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balances and operations of the Supervisor of Elections office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year end.

The accounting policies of the Supervisor of Elections conform to accounting principles generally accepted in the United States of America as applicable to governments.

B. Basis of Presentation

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Supervisor of Elections utilizes the following fund type:

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Type

General Fund – The general fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except those required to be accounted for in other funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Supervisor of Elections considers receivables collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

D. Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly they present a summary of sources and uses of “available spendable resources” during a period.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets Requirements

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the general fund. Florida Statutes Chapter 129.201 governs the preparation, adoption, and administration of the Supervisor of election's annual budget.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

F. Capital Assets

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the County. The Supervisor of Elections maintains custodial responsibility for the capital assets used by the office.

G. Liability for Compensated Absences

Permanent full-time employees of the Supervisor of Elections accrue sick and annual leave based on pay period worked and must be taken during the fiscal year earned. No payment for vacation or sick leave is made at termination.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

I. Subsequent Events

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

NOTE 2 - CASH AND INVESTMENTS

All Supervisor of Elections depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Supervisor of Elections cash consists of checking accounts and interest-bearing time deposits in a local bank.

The Supervisor of Elections held no investments at September 30, 2010.

Interest Rate Risk

At September 30, the Supervisor of Elections did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, the Supervisor of Elections did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, the Supervisor of Elections did not hold any deposits or investment that were considered to be a custodial risk.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2010

NOTE 2 - CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

At September 30, 2010, the Supervisor of Elections did not hold any investments that were considered to be a concentration of credit risk.

NOTE 3 - EMPLOYEE BENEFITS

RETIREMENT PLAN

A. Plan Description

In accordance with Florida Law, the Supervisor of Elections participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

The System provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

B. Funding Policy

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 4 – EMPLOYEE BENEFITS (continued)

	<u>10/1/2009 through 6/30/2010</u>	<u>7/1/2010 through 9/30/2010</u>
Regular employees	9.85%	10.77%
Senior management	13.12%	14.57%
Elected county officials	16.53%	18.64%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2009 through September 30, 2010 the total payroll for all employees was \$140,056 and the retirement contributions for all employees' covered by the System for the years ended September 30, 2010, 2009 and 2008 were \$15,108, \$13,496 and \$15,485 respectively, which is equal to the required contribution. These contributions represented 10.79% of covered payroll for the current year.

NOTE 4 – RISK MANAGEMENT

The Supervisor of elections is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The supervisor of Elections participates in the risk management program through the Gulf County Board of County Commissioners which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property
- Public employees' bond
- Workers' compensation
- General and automobile liability

COMPLIANCE SECTION



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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Linda Griffin
Gulf County Supervisor of Elections
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, Supervisor of Elections as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 31, 2011.

We conducted our audit in accordance with audit standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 31, 2011 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Supervisor of Elections complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Supervisor of Elections has no component units.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the Supervisor of Elections, management, the Florida Auditor General, and the Board of County Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

Roberson + Associates, PA

Roberson & Associates, P.A.
March 31, 2011

Vance CPA LLC

Vance CPA LLC
March 31, 2011



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Linda Griffin
Gulf County Supervisor of Elections
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Supervisor of Elections as of and for the year ended September 30, 2010, and have issued our report thereon dated March 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report on the financial statements included a paragraph explaining that the Supervisor of Elections is an integral part of Gulf County, the primary government for financial reporting purposes.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Supervisor of Election's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the Supervisor of Election's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Election's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described below, that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet

important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Supervisor of Election's financial statements will not be prevented, or detected and corrected on a timely basis.

We have identified the following significant deficiency in internal control which is also considered to be a material weakness.

10-01 (Prior year 09-01) Lack of segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Supervisor of Elections office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to mitigate the risks caused by lack of segregation of duties.

Management's response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish more effective internal procedures.

The Supervisor of Election's response to the finding identified in our audit are included above. We did not audit the Supervisor of Election's response and, accordingly, we express no opinion on it.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Supervisor of Election's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Supervisor of Elections, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Roberson & Associates, P.A.
March 31, 2011



Vance CPA LLC
March 31, 2011